

# The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, OCTOBER 20, 1932

## But *We* Were On Time!



### *Robbed on Thursday, Paid on Friday*

Within one hour from the time the bank officials gave us the amount of their loss they were in possession of our check. During the past thirty-six years the **U. S. F. & G.** has paid over \$290,000,000 on claims — has paid promptly and fairly — in good times and in bad. . . . .

*That is our Record and  
our Reputation.*

**Let Us Bond and Insure You!**

These Companies originated and broadcast the slogan, "Consult your Broker or Agent as you would your Doctor or Lawyer."



Unexcelled service on all casualty, surety, fire, automobile and inland marine lines through 11,000 Agencies and Branch offices in the United States and Canada.

**United States Fidelity & Guaranty Co.**

*with which is affiliated*

*. . . Fidelity & Guaranty Fire Corporation . . .*

HOME OFFICES: BALTIMORE, MD.

*"The Oldest American Fire and Marine Insurance Company"*

*Founded 1792*



# Insurance Company of North America

PHILADELPHIA

*and its affiliated companies:*

ALLIANCE CASUALTY COMPANY  
THE ALLIANCE INSURANCE CO. OF PHILA.  
CENTRAL FIRE INSURANCE COMPANY  
INDEMNITY INS. CO. OF NORTH AMERICA  
NATIONAL SECURITY FIRE INS. CO.  
PHILADELPHIA FIRE & MARINE INS. CO.

*write practically every form of  
insurance except life*

North America facilities are now available in  
the Philippines, Porto Rico, Mexico,  
China and Great Britain

# Globe & Rutgers

## FIRE INSURANCE COMPANY

111 William Street, New York City

### Semi-Annual Statement July 1, 1932

*ASSETS .....	\$58,791,139.31
**CAPITAL .....	7,000,000.00
SURPLUS .....	7,754,937.61
ALL OTHER LIABILITIES .....	44,036,201.70
Surplus To Policyholders .....	14,754,937.61
*Valuations of Securities on New York Insurance Department Basis.	
**As of July 30, 1932, \$5,000,000 of Such Capital Was Transferred to Surplus.	
Losses Settled and Paid Since Organization Over .....	\$304,000,000

### THIRTY-THREE YEARS RECORD

	ASSETS	RESERVE	SURPLUS
Dec. 31, 1899 .....	\$ 529,282.59	\$ 26,832.54	\$ 3,038.94
Dec. 31, 1904 .....	3,003,725.08	1,406,295.92	804,709.46
Dec. 31, 1909 .....	5,177,134.99	1,830,603.29	2,398,322.48
Dec. 31, 1914 .....	8,966,071.46	3,461,689.22	3,619,694.66
Dec. 31, 1919 .....	33,687,274.25	13,447,880.00	10,146,031.00
Dec. 31, 1924 .....	60,654,703.06	20,280,922.14	19,810,623.92
Dec. 31, 1925 .....	67,922,096.58	20,265,572.73	24,161,943.85
Dec. 31, 1926 .....	71,740,996.88	21,162,599.90	25,610,575.98
Dec. 31, 1927 .....	80,193,738.67	21,794,727.64	29,514,599.03
Dec. 31, 1928 .....	98,190,644.96	24,332,695.62	37,252,917.34
Dec. 31, 1929 .....	105,991,540.45	26,803,146.42	44,315,436.03
Dec. 31, 1930 .....	87,416,300.55	27,340,139.34	30,109,790.21
Dec. 31, 1931 .....	80,863,641.33	28,081,609.59	*26,732,004.74

\*Valuations approved by National Convention of Insurance Commissioners.

### OFFICERS

E. C. JAMESON, President

H. EDW. BILKEY, Vice-President

J. D. LESTER, Vice-President

W. H. PAULISON, Vice-President

LYMAN CANDEE, Vice-President

J. H. MULVEHILL, Vice-President and Secy.

A. H. WITTHOHN, Vice-President

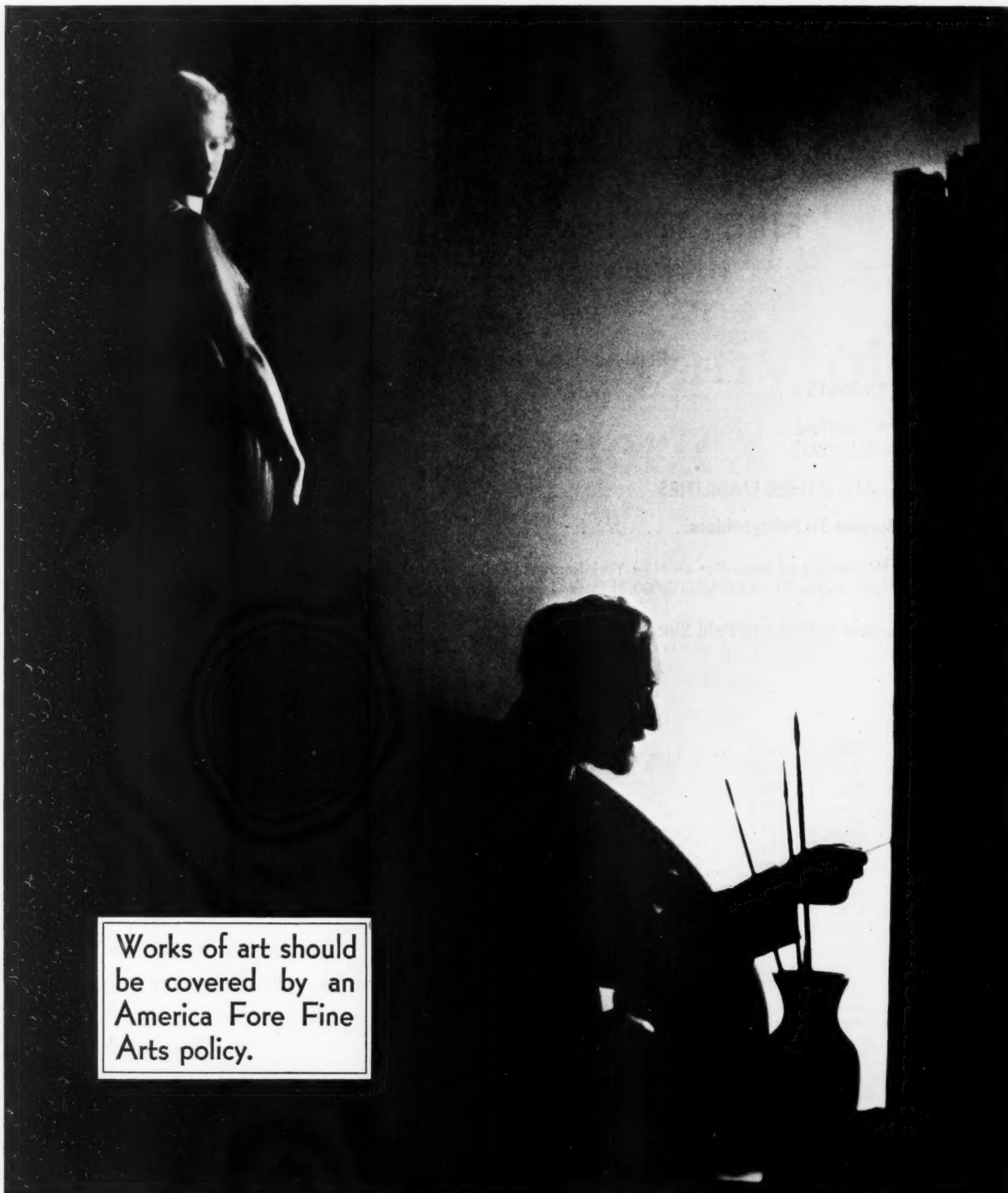
A. G. CASSIN, Secretary

J. L. HAHN, Secretary

SCOTT COLEMAN, Assistant Secretary

A. W. TAYLOR, Local Secretary





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be covered by an  
America Fore Fine  
Arts policy.

**The AMERICA FORE GROUP of Insurance Companies**  
 THE CONTINENTAL INSURANCE COMPANY FIDELITY-PHENIX FIRE INSURANCE COMPANY NIAGARA FIRE INSURANCE COMPANY  
 AMERICAN EAGLE FIRE INSURANCE COMPANY FIRST AMERICAN FIRE INSURANCE COMPANY MARYLAND INSURANCE COMPANY OF DELAWARE

*Eighty Maiden Lane,*

*New York, N.Y.*

**THE FIDELITY AND CASUALTY COMPANY**

ERNEST STURM, Chairman of the Boards  
 BERNARD M. CULVER, President  
 ERNEST STURM, Chairman of the Board  
 WADE FETZER, Vice Chairman  
 BERNARD M. CULVER, President

NEW YORK

CHICAGO

SAN FRANCISCO

ATLANTA

DALLAS

MONTREAL



# The National Underwriter

Thirty-Sixth Year No. 42

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, OCTOBER 20, 1932

\$4.00 Per Year, 20 Cents a Copy

## Paul Haid Calls Agents to Arms

President Insurance Executives Association Urges Greater Effort to Reform

### W. H. BENNETT'S ADDRESS

Secretary National Association of Insurance Agents Sees Solution of Some Vexing Problems

There were two notable addresses before the Dallas, Tex., Insurance Agents Association this week. Paul Haid, president Insurance Executives Association, and Secretary W. H. Bennett, National Association of Insurance Agents, both attending the insurance commissioners' meeting, spoke before the agents at a luncheon Monday. President Tom P. Ellis of the Dallas body introduced G. Mabry Seay as the presiding officer.

Mr. Haid said his mission is to bring about better cooperation and ethical practices among companies. In order to bring about desired results the agents must cooperate too, he said. In connection with the conference committee of the National Association of Insurance Agents, it is hoped to set up a relationship where common problems can be discussed. He feels the National association should speak for all agents through their state associations and local boards.

#### Should Bridle Competition

Mr. Haid declared chaos will follow if there is vicious and uncontrolled competition in any community. Local boards could agree on such subjects as proper representation of companies, collection of premiums, proper writing of business, selection of good moral risks. Mr. Haid declared there are more insolvent agents today than ever before because local agents have not agreed on a proper basis of credit. He decried playing one company against another.

The speaker asserted that in some sections the adjustment of losses has been taken out of companies hands. Losses are referred to soft adjusters who are subject to agents.

Losses are settled to suit all the whims of the assured. Hundreds of thousands of dollars are thrown away because of these ultra liberal settlements. Mr. Haid contended it is dastardly conduct on part of agents to insist on settlements unfair to companies and to urge payment of crooked losses.

#### High Loss Ratio States

Some states have loss ratios ranging from 60 to 90 percent, he said. Something more is needed than an increase in rates. Corrective conditions should be applied and in this effort, the agents should lend support. He urged the creation of ideal machinery for a local board and then work toward it. Mr. Haid

(CONTINUED ON PAGE 43)

## Missouri Department Can't Collect Rate Case Refund

FEDERAL COURT SO DECIDES

Judge Reeves Holds Superintendent Not Authorized to Act for Policyholders Not Yet Located

KANSAS CITY, Oct. 19.—Federal Judge Reeves holds that Superintendent Thompson "has no right to collect the refunds for policyholders" under the old Hyde 10 percent rate reduction case which was decided by the federal and state courts in favor of the state. Estimates of the amounts still due to policyholders range up to \$3,000,000 or \$4,000,000.

Early in 1931 the attorneys for the Missouri department filed suit in the Cole county circuit court to compel the companies to account fully to the state for \$13,000,000 in excess premiums collected after November, 1922, the date they finally decided to accept the 10 percent reduction in rates. The companies immediately moved a transfer of the proceedings to the federal court and since February, 1931, Judge Reeves has had the question before him.

His ruling as to the right of the superintendent to act on behalf of and for the policyholders in collecting the refunds from the companies was delivered in passing upon the purely legal point of the right of the companies to have the case transferred to the federal courts. The state had sought to have the whole matter remanded to the Cole county circuit court.

#### Department's Effort Balked

In overruling the motion to remand the case, Judge Reeves has apparently completely tied the hands of the attorneys for the department in their efforts to get direct control of the surplus of the refunds not yet paid to the policyholders. It is probable that much of this money never can be repaid because of the death or moving away of policyholders. Individual policyholders who have not received their refunds would be compelled to bring individual suits to enforce payment under Judge Reeves' ruling.

Counsel for the department said a motion for reconsideration of the ruling and elimination of the part holding the superintendent has no right to act for the policyholders will be filed.

In passing on the right of the superintendent to act as trustee for the unlocated policyholders in collecting their share of the 10 percent refund due them, Judge Reeves ruled that the original case in the state courts was merely for a review of the reduction order and did not involve the collection of the refunds of the excess premiums collected from Missouri policyholders after Nov. 15, 1922, the date when former Superintendent Hyde's reduction order became effective.

#### NEW HEARING STARTED

JEFFERSON CITY, MO., Oct. 19.—The taking of testimony on behalf of the state in the case involving the 16 2/3 percent rate increase was opened here Tuesday by Referee D. F. Calfee. This is the first evidence to be sub-

## Easterners in Chicago on Automobile Loss Problem

SEE ENFORCEMENT OFFICIALS

Investigate Proposal to Clear Losses Through Cook County Bureau and for W. U. A. to Take Jurisdiction

Four eastern officials of the National Automobile Underwriters Association are in Chicago this week in connection with the automobile theft situation there and presumably to get first hand information about the proposal of the Western Underwriters Association to take jurisdiction of automobile in the west. The easterners are Guy Beardsley of the Aetna, who is president of the automobile association; Charles E. Case of the North British & Mercantile, who is chairman of the executive committee; John Mylod in charge of automobile for the North British; and Ross Moore, manager of the automobile association.

A luncheon at the Union League club was arranged Wednesday. There was an array of law enforcement agencies on hand, including the chief justices of the municipal and criminal courts, judge of the automobile court, some of the members of the police automobile detail and representatives of the Chicago Crime Commission. The easterners were interested in finding out what is being done to improve the theft situation in Chicago, where for two years about 100 cars a day have been stolen and where some of the companies are experiencing loss ratios of 200 and 300 percent. Some of the companies have threatened to withdraw from the field and there is talk of a 50 percent increase in rates.

#### Advisory Committee

On Tuesday there was a meeting of the western advisory committee of the automobile association, at which the proposal to have automobile losses cleared through the Cook County Loss Adjustment Bureau was debated. There is a sharp difference of opinion in the west on this proposal, some officials favoring the clearing of losses through the Automobile Protective & Information Bu-

(CONTINUED ON PAGE 11)

mitted by the insurance department against the insurance rate increase put into effect by the companies two years ago over its protest, except for some matters that were jointly presented before Referee Calfee and the federal master. The taking of testimony in the federal court case has been closed.

## Special Insert Covers Kansas Agents' Gathering

A full report of the annual convention of the Kansas Association of Insurance Agents at Salina last week is given in the special insert starting on page 31 of this issue.

## Commissioners in Colorful Sessions

Troupers Make Stands in Dallas, Houston and Galveston, Tex.

### IMPORTANT ISSUES UP

Interlocking Control of Companies and Valuations Get Attention—Tarver Scheduled for Presidency

#### By C. M. CARTWRIGHT

HOUSTON, TEX., Oct. 19.—The National Convention of Insurance Commissioners started its annual meeting this week in the highly colorful but interesting peacock terrace of the Baker hotel at Dallas. In this room during the summer, Dallas people regale themselves in the evenings. It is a roof garden with a fountain, unique lanterns, artistic gateways and artificial vines and flowers on all sides.

#### Welcomes Are Given

Commissioner C. D. Livingston of Michigan, the convention president, presided, with Commissioner Jess G. Read of Oklahoma, secretary, at his hand looking after the mechanics of the gathering.

Bishop Harry T. Moore of the Methodist Episcopal Church South, spoke the invocation. Governor Sterling could not be present. R. B. Cousins, Jr., former Texas commissioner and now manager of the Texas Fire Prevention Association, represented the state. He stated that Texas has more domestic legal reserve life companies than any other state and it has more outside life companies licensed than any other state. Mayor Turner extended the greetings of the city.

#### Many Give Response

Commissioner W. A. Tarver of Texas, first vice-president of the association, instead of responding to the welcome, as has been the custom of those holding his office in the past, introduced some commissioners to officiate as responders, they being Commissioners Read of Oklahoma, Dunham of Connecticut, Clark of Iowa, DuLaney of Arkansas, Van Schaick of New York, Foster of Ontario and Fishback of Washington. An unusual tribute was paid the veteran Fishback, the oldest commissioner in point of service, having served for 24 years, as the audience arose to do him honor. Superintendent Foster of Ontario stated that no Canadian life company has ever collapsed and no bank of Canada has had to close during this period of depression. Commissioner Fishback has been renominated for the sixth time and is awaiting the results of the election next month.

Commissioner Livingston of Michigan, (CONTINUED ON PAGE 10)

## Quackenbush Hits Premium Financing

Charges Necessarily Excessive,  
Westchester Manager Tells  
South Dakota Agents

### TREATS MANY SUBJECTS

Use of Extended Credit as Competitive  
Measure Is Condemned by  
the Speaker

In the address of S. H. Quackenbush before the annual meeting of the Insurers of South Dakota at Huron, his remarks about premium financing caused his listeners to prick their ears attentively, because that question holds the center of the stage today. Mr. Quackenbush is western manager of the Westchester Fire of the Crum & Forster group.

"I personally deplore," Mr. Quackenbush declared, "the growing tendency, resulting from bad times to have insurance premiums financed by interests which operate purely for profit and are in no respect identified with our business. The charges made for this service are necessarily excessive and the burden thus added to insurance cost is bound to react to our disadvantage."

"The ordinary finance company," he continued, "must, of necessity, borrow money from a bank for which it pays interest at 6 percent and to this must be added an overhead expense of approximately 5 percent. To make a profit the finance company must charge the borrower at a rate of interest, for the time the money is actually out of their possession, which frequently equals or exceeds the commission received by the local agent who writes the business."

#### Better Times May Help

"I hope that with improved business conditions the demand for premium financing will disappear, but if it does not, then companies and agents must get together, finding some method of meeting the situation, which will add prestige to our business and furnish the service on a basis which will be to the advantage of your clients. Hard times and its accompanying misfortunes always produce a large crop of ready borrowers, who have little regard to anything but their immediate needs, and if it is within our power to help the honest buyer of insurance in a manner which does not unjustly add to his financial difficulties, it is an obligation which we should not ignore."

Mr. Quackenbush paid tribute to the agents for the honorable manner in which they have always discharged their obligations to the companies. Few well managed companies, which have been moderately careful in selecting agents, he said, have had to charge off to bad debts more than a small fraction of 1 percent. He expressed doubt whether any other business of the same magnitude where credit is given can approximate that record. The fly in the ointment, he said, is the cancellation without earned premium and he expressed hope that the existing agitation on this subject will bear fruit soon.

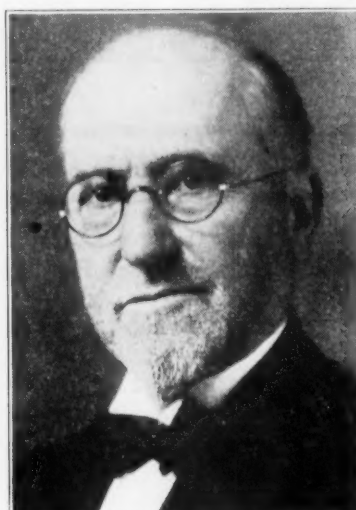
#### Pay Balances Promptly

Companies, according to Mr. Quackenbush, must collect their monthly balances with a reasonable degree of promptness, so that losses and expenses may be paid promptly. Failure to remit promptly increases expenses of the companies, he said, and this gives an advantage to nonstock competitors. Twenty percent of the time of the average field

## Heard At S. D. Agents' Meet



S. H. QUACKENBUSH  
Freeport, Ill.



R. M. THOMPSON  
Minneapolis

The principal speakers at the annual meeting of the Insurers of South Dakota in Huron were S. H. Quackenbush and R. M. Thompson. Mr. Quackenbush is western manager of the Westchester at Freeport, Ill., and Mr. Thompson is executive secretary of the Minneapolis and Minnesota agents' associations.

man, according to Mr. Quackenbush, is devoted to collections. This is a waste of time and money which cannot continue, he declared. Whether the solution may be an automatic cancellation clause or some other plan, both agent and company should "be tired of the use of extended credit as a competitive measure."

Most of Mr. Quackenbush's remarks

tied into the theme that expenses must be cut down.

He recalled that he spent several years in the field with what was then a non-union company. Although free to do so, Mr. Quackenbush declared that he never entered an agency where union companies predominated except at the union scale of commission. He

(CONTINUED ON PAGE 14)

## McCormack Heads Missouri Agents

St. Louis Association to Take Over  
Administration of State  
Body

### HILL ASKS COOPERATION

J. W. Rodger to Be Executive Secretary—Several Headline Speakers  
Unable to Attend

#### NEW OFFICERS ELECTED

President—A. L. McCormack, St. Louis.  
Executive committee chairman—W. A. Shelton, Unionville.  
First vice-president—L. Garlicks, St. Joseph.  
Second vice-president—George D. Clayton, Hannibal.  
Third vice-president—J. Henry Johnson, Kansas City.  
Secretary-treasurer—John F. Barclay, Mexico.

A. L. McCormack, vice-president Charles L. Crane Agency Company, St. Louis, and president of the Fire Underwriters Association of St. Louis, was unexpectedly elected president of the Missouri Association of Insurance Agents at the annual meeting in Jefferson City last week.

When he departed for the Jefferson City meeting Mr. McCormack had not the slightest idea that he would return to St. Louis as the president of the association. But it developed that due to the general financial depression and other causes the state association had suffered a substantial loss in membership and was facing a deficit of approximately \$2,000. In the emergency the Fire Underwriters Association of St. Louis agreed to take over the administration of the state body, to pay all of the administrative costs and endeavor to rehabilitate its finances. So in return for this noble action the nominating committee of the association headed by J. Henry Johnson of Kansas City deemed it only proper that a St. Louis insurance man should be given the honor of heading the organization and Mr. McCormack was finally decided on for the post. He was unanimously elected.

#### Rodger Becomes Executive Secretary

The removal of the state headquarters to St. Louis means that J. W. Rodger, manager of the St. Louis association, will assume the position of executive secretary and be in active charge of the headquarters.

The nominating committee recommended that the eight regional vice-presidents be appointed by the new executive committee to better afford geographical distribution.

In its resolutions the association approved the action of the recent National Association of Insurance Agents' convention on major problems. Another resolution called for better underwriting of farm business by the local agents with the comment "it would be a poor way to obtain this improved service from the local agents by cutting down their compensation."

The program as announced in advance was shot to pieces by scheduled speakers being forced to cancel their engagements, necessitating a number of last minute switches in the program. But despite these handicaps the gathering proved successful under the guidance of President P. K. Weis, of Moberly.

Mayor Henry C. Asel of Jefferson City welcomed the gathering and George D. Markham, St. Louis, responded.

President Weis, in his annual address, (CONTINUED ON PAGE 14)

## THE WEEK IN INSURANCE

The Insurance Commissioners Convention is holding its annual meeting this week in Texas. **Page 3**

Commissioner Mitchell of California, in talk before Insurance Commissioners Convention, asserts that last year's confusion on security valuations must be avoided and he submits a new plan for setting up statements. **Page 5**

Commissioner Olmstead of North Dakota advocates legislation limiting ownership of casualty and fire companies by other casualty and fire companies in address before insurance commissioners. **Page 38**

A. L. McCormack, St. Louis, elected president Missouri Association of Insurance Agents. St. Louis association agrees to see state body through financial difficulties. **Page 4**

Commissioner Kidd of Indiana tells insurance commissioners permanent system of valuation is needed that will indicate how companies will be able to meet future liabilities. **Page 5**

Companies claim present economic situation must be considered in Virginia rate case. **Page 8**

Walter H. Bennett, secretary National Association of Insurance Agents, speaks at annual Missouri insurance banquet. **Page 5**

Importance of character of management is emphasized by Superintendent Van Schaick of New York in talk to commissioners. **Page 8**

Carl C. Gaskell of Ogden elected president of the Utah Association of Insurance Agents at its annual meeting in Salt Lake City. **Page 6**

Western Underwriters Association companies are closing in on delinquent agencies with agency contracts, uniform trust agreements, standard form of inquiry into condition of agencies, and amended balance rules of field clubs. **Page 8**

W. P. Robertson, addressing Missouri agents, says public is inquiring into the cost of insurance today along with other items of overhead. **Page 12**

Federal court holds Missouri department cannot collect unpaid refunds to policyholders in rate case. **Page 3**

Paul Haid and Walter H. Bennett address the Dallas Insurance Agents Association. **Page 3**

Four eastern officials are in Chicago investigating automobile theft situation there. **Page 3**

Miner Shaw of Sioux Falls is elected president of the Insurers of South Dakota at annual meeting in Huron. **Page 6**

S. B. Hopps, whose brokers' license was revoked in New York, will appeal to the courts. **Page 12**

C. L. Gandy tells New England agents solution of branch office question will be main objective of National Association of Insurance Agents this year. **Page 6**

Clash of interests between casualty and fire companies is noticeable in "working out" many delinquent agencies. **Page 37**

Hovey T. Freeman is elected president of the Manufacturers group of factory mutuals. **Page 17**

Kansas Association of Insurance Agents holds annual meeting in Salina. Holmes Meade, Topeka, is elected president. **Page 31**

C. W. Hobbs warns commissioners not to lose sight of fact compensation rate increase is vital. **Page 37**

Manager Jones of Casualty & Surety Executives Association tells Missouri agents at Jefferson City meeting support of agents in public relations work is chief need of business today. **Page 38**

Litigation between American Indemnity and Independence Indemnity over business written by Mullin-Acton general agency at San Francisco is decided in favor of the former company. **Page 39**

Industrial Insurers Conference holds annual meeting in New Orleans. **Page 37**



## Single Valuation Measure Is Vital

Commissioner Mitchell Tells Officials Confusion of 1931 Must Be Avoided

### SUGGESTS UNIFORM PLAN

Wants Contingency Reserve to Be Fixed Percentage of Excess of Book Value Over Market

Greater uniformity in annual statements, so that the condition of companies may be compared on an equal basis, should be striven for, according to Commissioner E. Forrest Mitchell of California, who addressed the annual meeting of the National Convention of Insurance Commissioners.

That object, he suggested, could be reached by listing the assets of all companies at book values, each commissioner assuming responsibility for seeing to it that the book values have a reasonable and genuine basis. After setting up reserves for other liabilities as provided by law, each company could set up on the liability side a properly designated contingency reserve in the amount to be agreed upon by it and the commissioner of its home state. This amount would be a fixed percentage of the excess of the book value of its marketable securities over the aggregate market value.

#### Amount of Discretion

The discretion of the commissioner would have to be exercised only in the direction of the period required to give full effect to the elimination of the shrinkage in values as ascertained at the end of the reporting period, Commissioner Mitchell said. He suggested that a footnote be used in the body of the reporting blank and a similar note placed on the outer cover to read: "Contingency reserve appearing herein represents — percentum of the excess of the reported book value of the corresponding asset items over their market value."

In such a form, Mr. Mitchell said that the statement on a market value basis by a comparatively easy adjustment may

(CONTINUED ON PAGE 16)

## Big Crowd Hears Bennett at Missouri Annual Joint Meeting

An overflow crowd attended the annual good fellowship banquet in Jefferson City, Mo., last Friday under the joint auspices of the Missouri Insurance Council, the Missouri Association of Insurance Agents, the Missouri State Fire Prevention Association, the St. Louis and Heart of America Blue Goose and the Kansas City and St. Louis Cats Meow. It proved to be the greatest gathering of its kind ever held in Missouri.

P. K. Weis, president of the Missouri Association of Insurance Agents during the past two years, was the toastmaster, assisted by Ray Smith of the Fire Prevention Association. Mr. Weis was in fine fettle and he surprised his many friends by a fund of wit that was hard to improve upon. In every respect he was the perfect toastmaster.

#### Others Just Bow

Walter H. Bennett, secretary-counsel National Association of Insurance Agents, was the first speaker. In fact, he proved so fluent there wasn't any time for the others. So later J. P. Coolidge, counsel Missouri insurance department, pinch hitting for Superintendent Thompson, and the other prominent persons, called upon simply arose and uttered a few complimentary remarks.

Mr. Bennett quoted a paragraph from President Guy Thompson's speech at Washington before the American Bar Association, based upon the thought that the people owe it to themselves and their country to take a more active interest in the affairs of the country and to see that oppressive burden of governmental costs must be curbed. He warned those present that the insurance business is closely related to and dependent upon other businesses and stated that at the coming election every one should vote for men who are determined that something must be done to bring down governmental costs and lift the present terrific burden from the backs of the American people.

#### Criticizes Epstein Plan

Mr. Bennett called attention to a newspaper article saying the next Missouri legislature will be asked to provide an inquiry into state unemployment insurance. The announcement was credited to Abraham Epstein, New York City, executive secretary of the American Association for Old Age Security,

who is in charge of the campaign for old-age pension proposal No. 1 on the constitutional ballot at the Nov. 8 election. Mr. Bennett pointed out the danger of following old-age pensions with state unemployment insurance and other such schemes. He is not opposed to the theory of old-age pensions but has high regard for the old-age pension systems in some states.

#### Must Guard Against Movements

Epstein's views on the dole, he said, are contrary to all the information on this subject he has received from various reliable and fully informed sources, and he expressed the hope that the American people will never be foolish enough to adopt it, as it has no place in our order of government. He warned that the people must guard against such movements and stated that no one should feel that simply because this country has survived for less than 150 years it will always survive.

In discussing the question of the government's invasion of private business, he pointed out that at present the government is engaged in 245 different kinds of business. Passing onto the work of the National Association of Insurance Agents, he said that among other things it is endeavoring to eliminate the conditions that make possible the great army of incompetent agents who are cluttering up the country.

He also stated that he is not in sympathy with secret covenants, that full publicity should be given by the leaders for both the companies and the agents to both sides of controversial matters and then determine what is best to be done for the industry as a whole. He complained of the tendency of some other business to promote the mutual and reciprocal forms of insurance.

#### Publicity Is Solution

"Pitiless publicity is the one thing that will bring about reforms in this country quicker than any one thing," Mr. Bennett stated. In conclusion he expressed the belief that three-fourths of the present financial troubles of this country are due to fear and timidity on the part of the public.

Others introduced to the gathering after Mr. Bennett finished his address included A. L. McCormack, newly elected president Missouri Association

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## New Meaning Put on 'Market Value'

Commissioner Kidd Sees Distinction Between Market and Liquidating Values

### NEED PERMANENT BASIS

Indiana Official Recommends Committee of Commissioners Fix Market Values at All Times

A new construction was put upon the term "market value" by Commissioner Kidd of Indiana in his address before the National Convention of Insurance Commissioners. He defined market value as "future or deferred liquidating value," as applied to insurance.

The stock exchange quotations as of Dec. 31, have been accepted for years by insurance departments as market values, according to Mr. Kidd, when, in fact, they have been liquidating values, frequently of a highly inflated character. The immediate price one can secure in cash for an article offered at quick sale is its liquidating value, he said. He expressed the belief that liquidating value thus determined rarely portrays the actual value, market value, actual market value or reasonable market value contemplated by authors of the various insurance statutes. Liquidating values, he said, may be higher or lower than the market value, depending upon the trend of the times, urgency of the sale, "and amount of window dressing preceding the transaction."

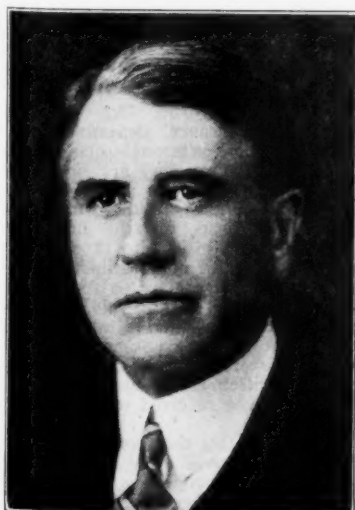
#### Cites Insull Stocks

Mr. Kidd cited the various Insull holding company securities. The market for those stocks was created not by value, he pointed out, but by the use of stock for speculative purposes. From being quoted at several hundred dollars, those securities are now only worth a few cents. Quotations two or three years ago represented, not market value, according to Mr. Kidd's interpretation, but liquidating value.

Mr. Kidd recommended that the commissioners' convention appoint a stand-

(CONTINUED ON PAGE 13)

## INSURANCE COMMISSIONERS AT TEXAS CONVENTION



CHARLES D. LIVINGSTON, Michigan President



W. A. TARVER, Texas First Vice President



GARFIELD W. BROWN, Minnesota Second Vice President



JESS G. READ, Oklahoma Secretary



## Charles Gandy Appears at Four New England Meetings

DISCUSSES MANY QUESTIONS

**Solution of Branch Office Question  
Main Objective of National Association, President Says**

Charles L. Gandy, new president of the National Association of Insurance Agents, is appearing before four state associations of agents in New England this week. On Tuesday he addressed the Vermont association at Burlington; on Wednesday, the New Hampshire agents at Manchester; Thursday, the Connecticut agents at Bridgeport and on Friday, the Rhode Island agents at Providence.

At Burlington and Manchester he discussed developments at the Philadelphia convention of the National association and reviewed the resolutions which were adopted there.

Mr. Gandy outlined the obligations of agents to their companies, emphasizing square dealing and competency. He pointed out that the buyer gets the impression of the company from the agent.

### Rates and Loss Ratios

Furthermore the agent should have a thorough knowledge of rates and loss ratios, he declared. The agent should not pass the buck to the company or the rating bureau if the assureds complain of high rate. He should either justify the rate in the minds of the assured or should get it reduced. The agent should have a knowledge of tax and the license rate. Insurance taxes, he said, are excessive and there is unfair discrimination against the companies. Agents should oppose unjust taxation, he said.

Agents should be on the alert to defeat bills in the legislatures intended to hamper and harass the companies.

The agents should properly underwrite their business, he said. The conscientious agent, he declared, will not commit his company to any risk that he would not be personally willing to assume were he the company. Moral hazard must be investigated in times of depression and deterioration should be taken into consideration more than ever before. These obligations are in addition to prompt payment of balances, he declared.

Mr. Gandy emphasized the value of fire and accident prevention work for agents.

Among the important company obligations, he said, is to maintain solvency, which the agent must help to preserve. The company should respect the territorial rights of agents, he declared, and not do business over the head of agents. An agent has the right to demand that the company will not compete with him through a production branch office, according to Mr. Gandy.

In Birmingham, Mr. Gandy's home, he said many select risks are being written by home offices, the policies being countersigned by special agents with no commission to local agents. This countersigning is a gesture, he declared, to comply with the Alabama countersignature law, but he contended as a matter of fact that Alabama special agents are not permitted under the law to write or countersign policies.

Production branch offices, he said, are a menace of vast proportions. They are being extended into the smaller places, he declared. Solution of the question will be the major objective of the National association's conference committee during the coming year, he declared. Unless the conference committees can come to terms with the companies, Mr. Gandy said the National association should "call the roll" and find just what companies propose to continue the practice.

## Word of Courage By H. O. Fishback Dramatic Episode

One of the most impressive, moving and dramatic episodes at the meeting of the insurance commissioners in Dallas this week was witnessed at the executive session of the valuations committee presided over by Superintendent Van Schaick of New York. Company officials, attorneys and organization men were asked to be present and make suggestions.

The observations brought out the baffling problems and seemingly hopeless situation in some phases. There was not much light shed in conflicting and drab opinions. Listeners began to feel pessimistic. Up stood the dean of the commissioners, H. O. Fishback of Washington, feeble in body and voice.

With tenderness he reviewed the depressions through which he had passed starting with 1873. He told of his bitter experiences, the trials, hardships and terrific burdens which the people had to meet during those times of recurring panic, yet in due season, the country emerged and there always followed a greater day than ever. He urged his hearers to have magnificent courage, to meet these complex problems with intelligent fortitude and to maintain faith in the nation and its people, for back of all is running the principle of everlasting good.

Like a father blessing his children, the venerable official, with a clear vision and true confidence told the listeners to go forth like brave soldiers and march on. Many eyes were dim as the benediction fell on those at his feet. Superintendent Van Schaick used the incident in his address Tuesday noon before the Dallas business men to illustrate the type of mind that is needed to inspire and encourage people to go on in spite of huge obstacles.

## Effect of N. Y. Marine Ruling Is Set Forth by D. F. Cox

NEW YORK, Oct. 19.—As chairman of a special committee of the American Institute of Marine Underwriters, D. F. Cox has advised companies of the changes in business methods made necessary by the recent ruling of the department on marine covers.

Annual policies, which attached prior to Oct. 1, may continue as written to original expiration date. It is not permissible to extend the expiration date.

Policies covering for a stated period longer than one year, which attached prior to Oct. 1, must be canceled or amended to conform to the ruling not later than the next anniversary date of their attachment.

Continuous policies, which attached prior to Oct. 1, may continue as written to the next anniversary date of their attachment, but hereafter must conform to the ruling.

"In order to preserve all legal rights of marine insurers under section 150 of the New York law and under the ruling, exceptions to certain parts thereof are being filed by your committee with the superintendent," Mr. Cox states.

### Graham in Local Agency

H. M. Graham, for some time Kentucky state agent for the Yorkshire group, has resigned to associate with the prominent Louisville local agency of Milliken, Plamp & Co. Pending permanent arrangements for his succession the field will be supervised by Agency Superintendent S. K. Gray, who has established temporary headquarters in Louisville.

## Carl C. Gaskell Is Elected President of Utah Agents

MEETING IN SALT LAKE CITY

**Contact Committee with Pacific Board  
Reports Notable Accomplishments  
in Past Year**

SALT LAKE CITY, Oct. 19.—At the annual meeting of the Utah Association of Insurance Agents here Saturday Carl C. Gaskell of the Moon agency, Ogden, was elected president. Other officers elected are: Vice-president, Denzel Brown, Provo; secretary-treasurer, Eugene M. Cannon, Salt Lake City; executive committee, Trace A. Turner, Ogden; Adrian Hatch, Logan; R. T. Wennerblom, Salt Lake City; Seymour Gray, Provo; E. Hugh Miller, Salt Lake City. O. E. Vombaur, Jr., of the Halloran-Judge Trust Co., Salt Lake City, retiring president, was elected for a three-year term to the Utah committee, which is the contact committee for the association with the Pacific Board.

Mayor Louis Marcus of Salt Lake in his address of welcome stressed the fact insurance agents give a valuable service to the community and that care should be taken to see that the policyholder understands the conditions of his contract, knowing what is not covered before the loss that may occur. Ethical methods, frankness and the value of personality in the insurance business were also mentioned. R. S. Curtis, national councillor, responded.

### Stebbins Boosts Association Idea

Herbert Cobb Stebbins of Denver, past president of the American Association of Insurance General Agents, speaking on "Your Trade Association, What is it Worth?" said that men and companies in the same class of business band together as a natural instinct for protection, to fight those things which invade their field of work and threaten to destroy the principles and ethics of their business, and also to gain an exchange of ideas for the good of their business. The National Association of Insurance Agents, he said, is keenly interested in every state association because it is dependent on the state association for its strength, and likewise the state association looks to its local associations for its growth.

He mentioned the standardization of contracts, ownership of expirations by agents and the recovery of commission on the Hoover Dam project as a few of the things that the National association has done for the good of the agents. A need for harmony and confidence between agents and companies is important at this time, because both are dependent upon the other. In conclusion Mr. Stebbins urged all agents present to work for increased membership, so that the association would represent the strength of the agents doing business in Utah.

### Utah Committee Gets Good Results

E. Hugh Miller, past chairman of the Utah committee, reported that his committee had secured favorable action by the states committee of the Pacific Board on these resolutions: (1) That the Pacific Board take immediate action toward clearing all mixed agencies in Utah; (2) that the Pacific Board discontinue board service to non-board agents, unless such agents be members of the local or state association; (3) that the Pacific Board grant no relief rates in Utah, except in extreme cases.

Accomplishments of the year included: (1) Passage by the legislature of a model arson bill; (2) bringing back into board companies several school schedules which have been written for years by mutuals with the result that only 6 percent of the school schedules in the state are now written in mutuals; (3)

(CONTINUED ON PAGE 11)

## Miner Shaw Is the New Head of Insurers of South Dakota

F. H. LEACH VICE-PRESIDENT

**Resolutions Are Adopted Condemning  
Commission Reduction and Favoring  
Automatic Cancellation Clause**

HURON, S. D., Oct. 19.—Those attending the meeting of the Insurers of South Dakota here yesterday enjoyed the valuable addresses that were constructive and cooperative. The value of membership in the state and National association was set out by R. M. Thompson, secretary of the Minnesota Association of Insurance Agents. The company side was set forth by S. H. Quackenbush, western manager of the Westchester. Discussions were free and educational. The papers of B. E. Beach of Huron, C. E. Van Vlack of Rapid City and J. A. Craig of Mitchell on compensation insurance, agency operation, and auto business, respectively, were interesting.

Resolutions were adopted expressing objection to reduction in commissions and favoring the automatic cancellation clause.

Miner Shaw of Sioux Falls, a former state agent of Illinois, was elected president; Fred H. Leach, Yankton, vice-president; J. D. Dux, Sioux Falls, secretary. Guy Erickson of Pierre and H. F. Wilson, Aberdeen, were elected to the executive committee. The next meeting will be at Sioux Falls. The banquet was tendered by field men. Deputy Commissioner Fred Whiting attended and spoke interestingly on insurance problems of the day.

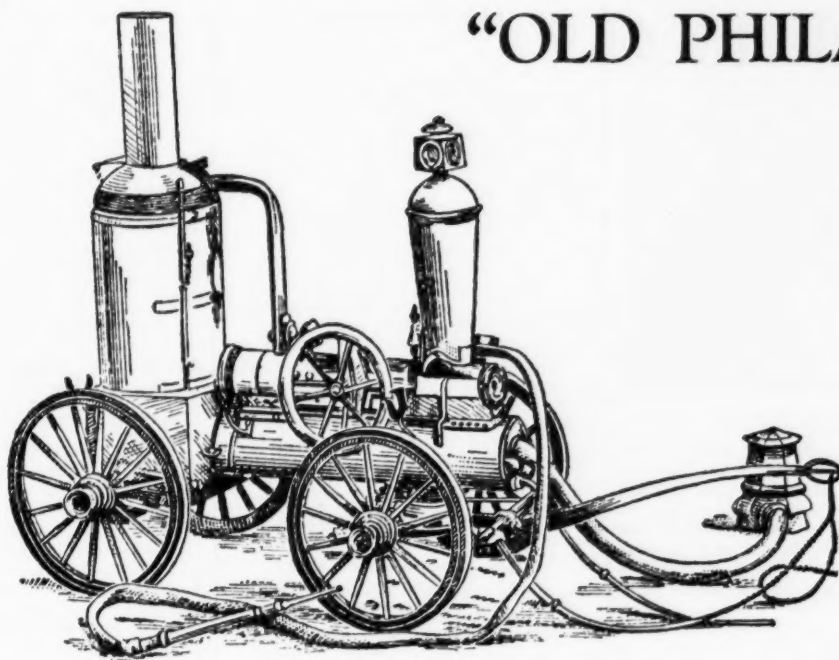
R. M. Thompson, executive secretary-treasurer of the Minnesota Association of Insurance Agents, Minneapolis, said in his talk that there are wonderful possibilities in the work of state and national associations if organization is perfected and intelligent cooperation secured. Every worth while agent who believes in the American agency system as represented by stock companies in fire, casualty and surety lines, and who upholds the principles of the National Association of Insurance Agents, should belong to the state and national organizations. Discussion of various questions such as branch offices, proposed reduction in farm insurance commissions and changes in workmen's compensation has shown marked improvement in the principle of conference and cooperation between agents and companies, he said. Mr. Thompson is past president of the Minneapolis Underwriters Association and formerly was national councillor from Minnesota to the National association.

## New Wisconsin Experience Classification Published

MADISON, WIS., Oct. 19.—The Wisconsin insurance department has sent out its new Wisconsin plan experience classification for fire insurance risks. All companies, rating bureaus and commissioners of other states will receive the forms for the new plan which places all risks into 12 classifications according to combustibility.

Resulting from a law passed by the 1931 legislature, requiring the Wisconsin insurance commissioner to establish and maintain in his office a standard classification of fire risks for all fire insurance business written in the state, the Wisconsin plan has received widespread attention.

Despite the fact that considerable adverse comment was made that the plan would cost companies much additional inconvenience and expense, no formal objection was registered against the plan, which becomes effective Jan. 1, 1933.



OLD NO.1 ENGINE.

## "OLD PHILADELPHIA"

*the first steam fire-engine used in Philadelphia was built in 1857 at a cost of \$3500. At its first official trial it threw a horizontal stream of water 275 feet using steam pressure of 125 pounds which was raised from cold water in nine minutes. In August, 1858, the "Philadelphia" was sent to Boston for a steam fire-engine contest, where it won first prize against three competitors. This engine, designed by Joseph L. Parry, was paid for by a group of civic-minded contributors.*

**T**HE L. & L. & G. contributed substantially to the cost of "Old Philadelphia" as an expression of its interest in the development of fire-fighting equipment. Since the days of '49, when this company entered the United States, it has not only identified itself with local enterprise, but has encouraged and aided the American Agency System in every possible way. This Company was the first foreign fire insurance company to open an office in Philadelphia after the War of 1812. Fowler's History says, "prestige was given the agency method by this event." City by city, state by state, the L. & L. & G. record will be found similar to its record in Philadelphia—a pioneer of progress and a supporter of the agent.

## THE LIVERPOOL AND LONDON AND GLOBE INSURANCE COMPANY LIMITED



150 WILLIAM STREET, NEW YORK CITY  
PHILADELPHIA OFFICE: H. W. STEPHENSON, Mgr.,  
INDEPENDENCE BUILDING, PHILADELPHIA, PA.



## W. U. A. Members Closing in on Delinquent Agents Now

### UNIFORM TRUST AGREEMENT

Standard Form Makes Exhaustive Inquiry into Condition of Agency—  
Balance Rules Tightened

Members of the Western Underwriters Association these days, through various instrumentalities, are closing in on delinquent agencies.

In addition to the agency contract, which many member companies are requiring new, transferred agents and chronic delinquents to sign, there is a standard trust agreement being used and a form, with entries for an exhaustive inquiry into the condition of an agency.

The trust agreement provides for the conveyance of an agency to trustees on the payment of \$1, giving the trustees the privilege of disposing of the agency if that course seems wise and providing that the agency may be conveyed back to its owner when its obligations are liquidated. Under the trust agreement, the agent is paid a certain commission on his business, that commission to be a matter of negotiation.

#### Trusteeships Are Shunned

Use of this agreement is expected to avoid many of the complications that arise when an agency is trustee, the details in each case being handled without relation to a standard practice. Most companies are loath to trustee an agency, feeling that if a bad situation can be worked out, it can be done just as well without the machinery of trusteeship. However, a standard practice is desirable.

The form of inquiry into the condition of an agency is intended for use with chronic delinquents. There are entries for all items of income and expenses. There is an inquiry into the noninsurance activities of an agent's office, such as real estate, etc. A detailed statement of the agent's delinquency to all fire companies in the agency by months is requested and the amount owing to any casualty company must be entered. There is an inquiry into the life insurance holdings of the agent, a detailed statement about his policies, including cash surrender values being requested. If this form is completely filled out, it gives an enlightening view of an agent's condition and can form the basis for intelligent action on the part of the company.

#### Balance Rules Amended

In addition, the balance rules of the various field clubs are being amended to provide for automatic reports of delinquencies and to outline how the various companies should participate in the liquidation of an agency. The automatic reporting amendment provides that the representative of each company shall between the 15th and the last of each month report to the office of the field club all balances outstanding 75 days or more, which, if not paid, would become 90 days outstanding after the last of such month. If at the end of 90 days it is observed by the secretary that most of the companies have not received remittances for the accounts in question, then the secretary will call a meeting and send a notice, giving date and place. Report is to be made on blanks supplied for the purpose and in duplicate, the original to be used in reporting the balance and a copy to be forwarded to the secretary marked, "Paid," when the account is disposed of.

In the meantime, the Western Underwriters Association is working out a uniform balance rule, which, when completed, the various field clubs will be requested to adopt.

R. G. Magruder, Arlington, Ky., has purchased the Jackson & Jackson agency at Bardwell, Ky.

## Heads Company



W. P. FESS

W. P. Fess, managing director and formerly vice-president of the Canadian General of Toronto, has been elected president to succeed the late W. W. Evans. He was for many years a general agent in Winnipeg and is well known through his activity in the Blue Goose, having served as most loyal grand gander in 1923.

## Want Valued Form Continued

For Competitive Purposes National Automobile Association Petitioned to Preserve Policy in New York City

The Automobile Underwriters Club of New York decided at a meeting to retain some form of valued policy and to ask the National Automobile Underwriters Association to increase the minimum premium in eastern territory from \$5 to \$7.50. Most members felt that despite the recent agitation to abolish the valued automobile form it would be wise to continue using a modified form of the present contract so long as it is written by nonconference companies, with, however, some changes to make its retention defensible.

Among the changes suggested were discontinuance of the flat 25 percent rate and use of a percentage increase for the valued policy, and a monthly depreciation clause with a varying scale based on the list price groups of automobiles. It also was decided to ask the N. A. U. A. to include additional coverage in the policy.

## Get Goodrich Line

The stock fire insurance companies have been awarded the entire line on Mills 4, 5 and 6 of the B. F. Goodrich Company, Akron, O. These plants were formerly the property of the Philadelphia Rubber Works and the Miller Tire & Rubber Company. The insurance was formerly placed with the mutuals. In addition, the stock companies have had for a number of years the insurance on Mills 2 and 3. The fire insurance on all the mills aggregates \$20,000,000.

Those acquiring the line state that solicitation was based largely on the reciprocity argument and the argument that capital has a right to earn a profit and an agent to receive compensation.

## M. E. Williams in Michigan

M. E. Williams of McAlester, Okla., is on a week's trip, visiting his mother in Michigan. During his sojourn there will be a family reunion. Mr. Williams makes this trip about twice a year. He is a former president of the Oklahoma Association of Insurers.

## Importance of Character of Management Stressed

### VAN SCHAICK GIVES VIEWS

New York Superintendent Enunciates the Principles That Should Guide Claim Practices

When the management of an insurance company has shown by its record that it can be implicitly relied upon an insurance department will in proper cases act accordingly and lessen the rigidity of discretionary requirements, Superintendent Van Schaick of New York observed in his address before the annual meeting of the National Convention of Insurance Commissioners. "A record of achievement without indulging in sharp practices," he said, "means more in the eyes of an insurance supervisor than underwriting profit."

Although in insurance supervision, according to Mr. Van Schaick, there must be strict compliance with statutory and other requirements as to examinations, reports and other activities, common sense should be applied. Discretion should be intelligently and sanely exercised, he said, and discretion is often controlled by confidence. The greatest asset of any company is management, he declared.

#### Claim Practices Discussed

Mr. Van Schaick devoted much of his address, the subject of which was, "Insurance Administration as a Public Service," to claim practices.

Commissioners, he pointed out, are often called upon to relieve the public from a too strict application of the law of contract. The contract is complex and rarely understood or even read by the policyholder, he pointed out. Because of the rule of construction that if any doubt arises as to its meaning it is resolved against the insurer, the company must always be on the alert to protect itself against unfounded claims, he pointed out. The company, he said, should resort to every possible means to protect itself against imposition. "The ease with which manufactured claims have at times been established to the satisfaction of courts and juries has been a drain upon companies' financial resources," Mr. Van Schaick observed.

On the other hand, he said, an insurer has no moral right to invoke restrictions to reduce or defeat a reasonable claim. Irregular claim practices undermine public confidence. The true spirit of protection contemplates that the technical provisions of contracts are to be considered in the highest degree of good faith, not being designed to afford legal loopholes through which to avoid payment of legitimate losses.

#### Victim of Technicalities

"Commissioners have a duty," he said, "to endeavor to relieve from, wherever possible, the rigid terms of contract and practices which, while generally necessary, might work hardship and injustice in individual cases. Often the policyholder, he said, becomes a victim of misunderstood technicalities. The commissioners should marshal the facts so as to convince companies that equity should prevail, he declared.

Responsible companies, Mr. Van Schaick declared, will not be silent about claims where the claimant is in ignorance or resides in foreign lands. Where such a practice does occur, he said, it can be attributed to the carelessness of some over zealous claim agent.

"Often," Mr. Van Schaick said, "a company should lean backward, particularly when dealing with a widow or beneficiary of the bread winner, who was the assured. There is constant need for sympathetic accord with the social concepts of insurance," he said.

Mr. Van Schaick condemned dilatory tactics or high pressure methods in forcing settlement.

## Must Consider Depression in Rate Case, Companies Say

### NEW VIRGINIA BRIEF FILED

Present Economic Situation Makes Five Years' Experience Before 1928 Inadequate for Comparison

RICHMOND, VA., Oct. 19.—Companies appealing from the decision of the Virginia state corporation commission given in November, 1929, ordering a substantial reduction in fire rates, are entitled, as a matter of right, to have the present business depression considered in the rate-making procedure, it is contended in the brief filed by counsel for appellants in the Virginia supreme court of appeals. The case, continued from time to time since the appeal was made, was scheduled to be argued at the November term of the appellate court but by agreement of counsel it will go over to the March, 1933, term due to the fact that attorneys for the state desire more time in which to prepare their reply brief.

#### Cannot Be Just Basis

Counsel for the companies assert in their brief that in the light of the continuing economic conditions the profits of five years preceding 1928 which were used as a test in the rate proceedings cannot in any just view of the issues be made the basis of determining reasonable return or profits to be expected during conditions which have existed for the past several years and are still continuing.

## Speakers Discuss Problems at Vermont Agents' Meeting

BURLINGTON, VT., Oct. 19.—At the annual meeting here of the Vermont Association of Insurance Agents, President I. Munn Boardman touched on some of the events of the past year. He said agents in small towns will make a mistake if they think they are not affected by national questions like branch offices, acquisition costs, proposed decreases in commissions, etc. Although there are no branch offices in Vermont as yet he said the contest is on between the American agency system and the branch office system and if the latter wins the local agent will be the "forgotten man" so much talked about.

Mr. Boardman declared that irresponsible agents increase the acquisition costs and also the loss ratio and that the companies should give the same consideration to the standing of an agent as an agent gives to that of his companies. He made a unique proposal of an advanced rate of commission for agents who send a check with account current for the month's balance, standard commission in 60 days, and a reduced commission if the agent takes longer to pay. He also urged that the agents take an active part in the highway safety movement. The 20 percent increase in automobile rates caused much sales resistance in Vermont but still does not cover the losses and increases may be necessary unless the accidents are checked.

G. G. Inglehart, agency secretary of the Agricultural, spoke on "Social Values in Fire Insurance." He pointed out that a company has no right to pay more than the value of the property in settlement of losses because it is paying out the money of the policyholders. He said the test, or at least the first test, is, "How much could this policyholder have realized from his property if he had wanted to sell it before the loss?"

Paul E. Buchler, who is president of the Columbus, O., Advertising Club, has resigned his connection with the Ohio Farm Bureau Mutual Automobile to go with the State Automobile Mutual there.





Union Assurance Society, Limited



The Palestine Insurance Company, Limited



The Commercial Union Fire Insurance Company



The California Insurance Company



American Central Insurance Company



The British General Insurance Company Limited



The Ocean Accident and Guarantee Corporation, Limited



Commercial Union Assurance Company Limited



Columbia Casualty Company

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## Columbia Casualty Company

Established 1920

Statement as of January 1, 1932  
Rendered New York Insurance Department

Assets . . . . .	\$ 6,670,700.70
Liabilities . . . . .	5,191,223.52
Surplus to Policyholders on Basis of Market Values, December 31st, 1931 . . . . .	1,479,577.18
Surplus on Basis of Ins. Comrs. Convention Values . . . . .	2,728,073.43
Losses Paid to Date . . . . .	23,214,586.00

## COMMERCIAL UNION GROUP

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SAN FRANCISCO

## Commissioners in Colorful Sessions

(CONTINUED FROM PAGE 3)

in his presidential address before the convention, mentioned the creation of the Insurance Executives Association, the purposes of which, he said, are the elimination of unnecessary expenses and promotion of nation-wide practices in underwriting. "This is a step forward," he said, "and is bound to result in savings that will eventually be passed on to the buyer."

The surety and casualty companies, according to Mr. Livingston, are active in organization work with the view of eliminating disastrous competition in acquisition cost which has affected those classes so adversely and which is striking at their solvency.

These indications of improvement are gratifying to the commissioners, he said, and should produce increased solvency to every company that is working to reduce operating expenses. However, he warned, there should be no economy so drastic that efficiency in underwriting is impaired.

All companies, he said, should know the cost of carrying a risk and any company believing that it can underwrite business below the rate that experience has shown should feel themselves on dangerous ground and should be watched by commissioners because such companies are on the road to insolvency. Those companies that are collecting adequate rates in states where they are compelled to do so by law should not be permitted to write insurance below cost in other states where there are no such laws, he said.

Commissioner Olsness of North Dakota said he had been born and raised a farmer. He spoke before the commissioners' meeting when he was first elected to office in 1917. He spoke at Dallas on the evil of interlocking investments and directorates of stock life companies. This practice, he said, is not so ominous in fire and casualty as in life insurance. One can quickly make his exit from the two former classes without much loss, whereas with life, he may have material equity. He recommended that a committee of five be appointed to consider the subject of interlocking directorates so far as life companies are concerned and to outline a plan of action to curb the practice.

Commissioner Thompson of Missouri said the ravages have been devastating in the life field due to the interlocking and holding company system. The Inter-Southern Life and Security Life

of Chicago, both forced to the wall, were cited as victims of these vicious practices. He feels drastic remedies will have to be devised to meet this condition. He suggested that the committee of five draft an appropriate bill to be presented to legislatures.

Commissioner Brown of Minnesota moved that the committee named investigate the whole subject and especially the recommendations of Commissioner Olsness and Thompson, and report at the December meeting a definite plan of procedure. On Monday afternoon, Superintendent Van Schaick of New York called a meeting of the valuations committee, to which were invited any who desired to attend, but it was executive so far as the press was concerned. Other committee meetings called were: Tarver of Texas, fraternal; Hanson, Illinois, fire; Bowles, Virginia, accident and health.

Commissioner Tarver of Texas will doubtless be the next president of the National Convention of Insurance Commissioners. He has been first vice-president. His term expires in February and, being aligned with the Governor Sterling group, he will not be re-appointed by the next gubernatorial incumbent, Mrs. Ferguson.

Commissioner Livingston of Michigan, the present president, announced he would not accept a second term, although much pressure was brought on him to serve again. With the wealth of hospitality here in Texas and with Commissioner Tarver being the state official, together with him being next in line, it is logical for him to be elevated to the high office. Commissioner Brown of Minnesota, second vice-president, will doubtless move up. There is considerable competition for the second vice-presidency, but the indications are Commissioner Boney of North Carolina, chairman of the executive committee, will start up.

### Committee Is Named

President Livingston appointed the special committee to investigate holding companies and interlocking directorates of life companies and report at the December meeting, it being Brown, Minnesota, chairman; Olsness of North Dakota, Thompson of Missouri, Gough of New Jersey, Van Schaick of New York.

C. W. Hobbs of the National Council on Compensation Insurance reported Tuesday morning, his copy being compressed in a printed volume of 47 pages. He deplored the fact that classes of carriers are not able to get together on major issues. He feels petty differences should be eliminated. If these clashes continue he will be inclined to call for convention action. Commissioner Mit-

chell of California read his paper on "Assets of Insurance Companies." He argued for greater uniformity in action among the states as to valuations. He feels the home state commissioner should be held responsible for his companies; he is on the ground and should have all the facts before him. He stated that convention examinations should have wider use. Commissioner Mitchell had prepared resolutions dealing with valuation, but he decided to withhold them until the December meeting.

Commissioner Bowles of Virginia did not agree with Commissioner Mitchell's recommendation that a contingency reserve be created equaling the excess of book over market values. He does not believe in an arbitrary reserve. He advocated more ample reserves being set up during normal years. Commissioner Riley, attending his first annual meeting, full of humor and sentiment, elicited roars of laughter with his inimitable negro stories and his impersonation of characters. Mr. Riley declared market values do not often reflect true values, especially in time of stress. Commissioners, he said, should watch stockholders' and policyholders' dividends in times like the present. He is not in favor of speculative investments for insurance companies. He, too, stressed the importance of commissioners keeping in close touch with home companies.

### Invitation to Florida

Commissioner Knott of Florida extended an invitation to hold the next annual meeting at St. Petersburg, Fla. Commissioner Kidd of Indiana held over until Tuesday afternoon to give his paper on "Are Market and Liquidation Values Always the Same?" He said insurance is a business of deferred liabilities. It is this very fact that makes the valuation of insurance company assets different from other businesses. If a company can meet its current obligations, then the interest of the public centers in the value of the securities at time of their maturity. He does not believe in emergency measures but feels that a program should be mapped out by the convention to be used at all times.

Commissioner DuLaney of Arkansas said forced sales do not give true values. Maturity values give a truer picture. He urged company officials to use the amortization plan wherever possible. The convention went into executive session after Mr. DuLaney spoke.

The final business session shifted to Galveston, where Superintendent Van Schaick of New York gave his notable address. It was discussed by Commissioner Mortensen of Wisconsin. C. W.

(CONTINUED ON PAGE 38)

## Gandy to Check Up on Branch Offices, Overhead Writing

BIRMINGHAM, ALA., Oct. 19.—A roll call of the companies to determine those who respect agents' rights to the extent of refraining from overhead writing and maintaining branch offices will be attempted during his term of office, declared Charles L. Gandy, president National Association of Insurance Agents, in an address last week at "National President's Night" meeting of the Birmingham association. He will endeavor, also, he said, to put into effect an automatic cancellation clause in case of nonpayment of premiums.

### Seek Commissioners' Approval

As to the cancellation clause, he said the association expects to first "sell" the proposal to the insurance commissioners and then go to governing bodies like the Southeastern Underwriters Association and ask that such clauses be inserted in the bodies of new policies. In those states where necessary the agents can obtain passage of laws legalizing this change in the policies.

President Gandy was warm in his praise of the companies for the stability they have shown during the depression.

## Losses in West at Lowest Point in Several Years

Losses in the west today are at the lowest ebb in six or seven years. The decline in losses began in June, when they were about 15 percent less than in the bad earlier months of the year. This good record continued throughout the summer and in September there was a falling off of about 35 percent. The October record so far has been even better.

So great has been the falling off of losses, that some of the adjustment offices in the west are putting their staffs on a stagger basis, that is, one group and then another is put on vacation roll.

The number of small losses, however, keeps up. This seems to be explained by the fact that there are actually more small losses and more losses being reported that in normal times would be overlooked and also more small losses are being referred to the company adjustment bureaus than in former years. Companies are adopting the policy of referring small losses to the adjustment bureaus rather than permitting agents to make settlement.

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SEATTLE  
VANCOUVER



## Blue Goose Appointments Made

Most Loyal Gander D. A. McKinley of the Blue Goose has appointed deputies and committees for the coming year. The group life insurance committee will be headed by Grand Gander William T. Benallack of Detroit with D. Maury Pollard of the South Texas pond, Beaumont, Tex., as vice-chairman.

The change in chairmanship was made with the full sanction of Gander Pollard, who was chairman of this important committee the past year and during his administration of that office displayed wonderful ability and energy. Living in the south, however, he was not within such easy reach of the office of Grand Wielder C. P. Helliwell, Milwaukee, or the headquarters of the life company.

The other appointments are as follows:

Deputies at large: W. E. Mallalieu, New York; Wm. T. Benallack, Detroit; Richard E. Vernor, Chicago; James D. Cherry, Montreal; Charles Barsotti, San Francisco.

Deputy most loyal grand ganders: Oregon, western Washington, Carl N. Homer, Seattle; eastern Washington, Montana, Idaho and Utah, Frank J. Sullivan, Butte, Mont.; California and Arizona, E. L. Thomas, Phoenix; New England, New York (except New York City), H. V. Thayer, Boston; Texas, Oklahoma, Colorado, D. G. Mulligan, Denver; Carolinas, Virginia, Maryland, Henry L. Rose, Baltimore; Alabama, Georgia, Florida, G. W. Campbell, Jr., Atlanta; Indiana, Ken-

tucky, Tennessee, R. C. Wade, Memphis; Nebraska, Kansas, western Missouri, N. K. Nelson, Topeka; Illinois, eastern Missouri, D. H. Painter, St. Louis; Dakotas, Minnesota, D. P. Lemen, Sioux Falls, S. D.; Ohio, Michigan, West Virginia, Ralph W. Hukill, Norwood, Ohio; Mississippi, Louisiana, Arkansas, Ralph M. Pons, New Orleans; Iowa, Wisconsin, H. Verne Myers, Waterloo, Ia.; New Jersey, New York City, eastern Pennsylvania, J. R. Knowlan, Philadelphia.

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Canadian deputy most loyal grand ganders: Central district, Harry H. Smith, Winnipeg; eastern district, R. H. Leckey, Toronto; British Columbia, John W. Wilson, Vancouver; Alberta, W. A. Dymock, Calgary.

\* \* \*

Committee chairmen: Constitution and by-laws, Paul E. Rudd, Milwaukee; ritual, Francesco Seley, Portland, Ore.; memorial, Arthur J. Hughes, Rochester, N. Y.; emblem, W. T. Benallack, Detroit; regalia, S. B. McAllister, Denver; regional representation, Ralph W. Hukill, Norwood, O.; historian, George G. Wright, Milwaukee; and grand guards, C. W. Bean, Kansas City, Mo.; W. H. Bryant, Syracuse, N. Y.; E. H. Mathewes, Jr., Birmingham; P. J. Mangan, Indianapolis; A. J. Miazza, Jackson, Miss., and J. H. Harrison, Louisville.

\* \* \*

Jurisprudence committee, all past most loyal grand ganders; W. E. Mallalieu, New York City, chairman; Frank G. Snyder, Louisville; J. Charles Harris, San Francisco.

## Easterners in Chicago on Automobile Loss Problem

(CONTINUED FROM PAGE 3)

reau. The question of expense is one factor. It is asserted that the Cook County Bureau would have to spend about \$25,000 to set up the machinery while the protective bureau could establish facilities for \$5,000.

In general those favoring the protective bureau believe that automobile should not be brought under the jurisdiction of the Western Underwriters Association. Those favoring the Cook County bureau, for the most part, are those who feel automobile should be more closely integrated into the fire agency business.

### LOSS MEN DISCUSS ISSUE

The automobile loss situation in Chicago was discussed at the opening meeting of the season of the Western Loss Association in Chicago Tuesday. Just before the loss association disbanded for the summer, an agreement had been effected with the Chicago Automobile Trade Association, whereby rehabilitation of recovered automobiles would be assigned by insurance companies, for the most part, to authorized automobile dealers. Various features of this arrangement were discussed. S. L. Nelson, loss superintendent for the North America, was in charge as president. B. E. Moreau, who was appointed general adjuster for the St. Paul Fire & Marine a few months ago, attended his first meeting of the loss association.

The annual meeting will be held Nov. 15.

### Resigns Dry Goods Post

NEW YORK, Oct. 19.—After three and a half years of service J. G. Clark will on Nov. 1 retire as insurance director of the National Retail Dry Goods Association to enter the brokerage business independently. He will specialize in service to retail stores and will be associated with the established brokerage firm of R. F. Murray & Bro. of this city. Prior to his connection with the dry goods association Mr. Clark had a number of years' experience in the insurance line.

## Carl C. Gaskell Is Elected President of Utah Agents

(CONTINUED FROM PAGE 6)

by working with the Automobile Conference, fire and theft rates for the outside territories in Utah were adjusted and the same rates now apply all over the state.

R. S. Curtis, national councillor, reported on the highlights of the national convention.

The automatic cancellation clause was presented to the convention in a resolution placing the association on record as being against it. After considerable discussion, the resolution was passed over because of lack of full information.

### Reports from Local Boards

In the reports on local board activities, Denzel Brown, president, stated that membership at Provo had increased from 11 to 15 and that conditions insurance-wise are good. Walter Cox reported for the Salt Lake association, stating that membership had shown a small gain and that while there are several non-board agencies, yet rates are being maintained by all. President Robert Salmon of the Ogden association said membership there is on the increase and that through the efforts of J. H. Roberts of the local office of the Pacific Board, Ogden agents are writing much more of the school, city and county insurance. Adrian Hatch of Logan said there is no local board there, but that since the work Mr. Roberts has done on school and county schedules in that part of the state, the agents are ready for the organization of a local association, which is now under way.

Visitors from the coast included H. F. Badger, secretary of the Pacific Board; Chester Stutt, Pacific Coast manager of the Netherlands, and T. J. Craig, assistant manager of the North America, all of whom spoke briefly.

In the afternoon the agents attended the football game between University of Utah, Rocky Mountain champions, and Brigham Young University of Provo, which was won by U. of U. 29 to 0.

C. C. Neslen, former mayor, was toastmaster at the banquet and the principal speaker was Howard Stoddard, vice-president of the First National Bank of Salt Lake City, who spoke on "The Value of the American Dollar."



# Indemnity Insurance Company of North America

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Unquestioned Financial Stability

Unique, Convenient Policies

Complete, Efficient Service

All Modern Coverages

Combination Automobile Policy, Combination Residence Policy and Complete Golfer's Policy issued jointly with allied fire companies.



## Hopps to Appeal License Revocation in New York

### BROKER ISSUES HOT DEFENSE

**Claims Only Violations Charged Were  
Those of His Principal—Denies  
Personal Misconduct**

Stewart B. Hopps, whose brokerage license has been revoked by the New York department, has issued a statement that he will appeal to the courts and in the meantime that he has a legal right to function as a broker. He said he now has the opportunity to bring the evidence before a court of competent jurisdiction "instead of in a tribunal where the complainant, the prosecuting attorney, judge, jury, sheriff and executioner are one and the same."

Some time ago the New York department refused to grant an agent's license to Stevens & Hopps to represent the Pearl Assurance, although there was no criticism of G. C. Stevens.

Mr. Hopps said that while he was executive special agent of the National Union in New York, that company issued some policies which apparently violated exchange rules and for the issuance of which the company was fined by the rating organization. He said there is no evidence that he quoted a rate, issued a binder, signed a policy, dictated a form, delivered a policy or collected a premium in connection with the policies in question.

#### Denial Is Made

"The decision was not in the least unexpected since from the beginning of the whole inquiry there has not been the slightest doubt that the department had definitely made up its mind, regardless of evidence or lack of evidence, to revoke my license," Mr. Hopps stated.

"No single transaction of mine as a broker was involved throughout the entire inquiry. The entire inquiry had to do with alleged violations by the National Union, of which I was neither an officer or director. In fact the National Union was indirectly on trial without being a defendant and without any punishment imposed by the insurance department upon that company. The names of the brokers on the risks, including some of the most influential brokerage houses in New York, were spread in full upon the record by the insurance department reports but the department indicated that it had taken and contemplated taking no steps against anyone except me because I was employed to influence business to the National Union from brokers all over the United States on countrywide brokerage accounts and on which, in some cases, not all, if the company bound the risk I received a small overwriting."

"Heretofore I have been more or less on the defensive and since I am not connected with the National Union, its files are not open to me. Furthermore I have no desire to involve any of the brokers and therefore, throughout these hearings I have stood squarely upon my record and demanded proof of personal misconduct. I believe the decision which has been rendered will now afford me that opportunity, for which I have been looking—to bring the evidence into the open before a court of competent jurisdiction instead of in a tribunal where the complainant, the prosecuting attorney, the judge, the jury, the sheriff and the executioner are one and the same."

"I am advised by counsel that during the pendency of the appeal proceedings and until the determination thereof, I am permitted to exercise all functions as a broker and I shall continue so to function as is my legal right."

**W. R. Moore** has purchased the T. Ross Harrison agency, Ozark, Ark. Mr. Moore has been in the insurance business for a number of years.

## L. M. Lilly Explains Interest Feature in New Financing Plan

In view of the controversy that has developed in connection with the advertisement by the First Bancredit Corporation of a new premium financing plan involving 6 percent interest to the assured, THE NATIONAL UNDERWRITER requested President L. M. Lilly of the First Bancredit to explain the proposal further. He replied as follows:

"You asked me in your letter to explain to you just what is meant by the 6 percent charge to the assured, as there seems to be some misunderstanding in reference to just what we are attempting to do in connection with this particular rate. I am glad to explain to you what is meant by the 6 percent interest charge and glad to clear up any misconception which might exist."

#### Compared to B. & L. Plan

"Our charge of 6 percent payable in advance is analogous to the plan being used by most of the building and loan associations. The procedure commonly adopted by building and loan associations is that interest is paid on a balance owing sometimes as long as three months after the payments are made. Assuming that you would owe \$1,000 to the building and loan, the payments calling for monthly installments of \$100 a month, you would pay \$100 Feb. 1, March 1 and April 1, and on April first they would collect interest at the rate of 6 percent on the full \$1,000 which you owed Jan. 1, so that in reality you are paying an interest rate considerably in excess of 6 percent if you figure the average amount outstanding over that period."

#### New York Maximum 6 Percent

We really wanted to advertise 7 percent interest and permit the assured to pay this rate without any extra finance charge and collect the interest at the end of the interest period, which would be every 30 days, rather than in advance, but unfortunately the laws of New York provide penalties for any note given where the interest is in excess of 6 percent. The penalties are the loss of interest and principal, so as a result we could not use a 7 percent plan nationally. In order to obtain the same results and still come within the law, we advertised a 6 percent rate with interest payable in advance, which in reality figures the assured paying 7½ percent interest on declining balances. Our attorney has advised us that this plan of operation is perfectly legal."

"It is comparatively simple to figure the amount of interest the assured pays, as on a \$1,000 contract running over a period of eight months, with a \$200 down payment, the assured would pay interest at the rate of 6 percent in advance and make his first monthly payment in advance. On that basis, we would collect from the assured \$17.50 interest over the full period of eight months, not in advance. Taking the contract for the full period of eight months, it is comparatively simple for anyone to figure that the rate charged the assured is 7½ percent simple interest."

#### Further Explanation

"Now, insofar as our rate is concerned, it is a different matter, but inasmuch as you have expressed an interest in this, I am very glad to show you what this will gross us. In view of the fact that we get the first monthly payment in advance and do not pay the agent for 60 days, we naturally have an investment only the last five months; or, to make it simpler, on a \$1,000 deal with \$200 down payment and with three payments paid in advance by the assured before we are asked to pay the agent, our net investment would be \$500, which would be returned to us \$100 per month for a period of five months. We

receive the interest on the entire \$800, which aggregates \$17.50, with an investment of \$500 for five months and \$17.50 as a net return, which would show a return to us of 14 percent. Having the use of the \$100 the assured pays immediately and another \$100 in 30 days, we have the use of \$100 for 60 days and \$100 for 30 days, or an average of \$150 for 30 days. Using our bank interest rate of 4 percent as an income on this money, we would have a return on this \$150 of 50 cents, which added to the \$17.50 would make a total gross receipt of \$18, or in terms of interest it would be a gross return of 14 2-5 percent interest. It is perfectly proper for us to use our bank interest rate in figuring the month deposited with us in advance, as this money is worth no more to us than the money we would borrow from a bank."

#### No Apology to Offer

"We must make a return of at least 7 percent from the assured if we are to make sufficient to pay us to handle all the details. Well regulated finance companies recognize the various costs of doing business and we have no apology to offer in respect to the rate we are asking, as it is reasonable and is as low a rate as we can offer at this time."

"You state that you have been informed that the agent was paying this finance charge. I cannot quite agree with you in this connection, as the practices of the agents are to pay the companies at the end of 60 days, so it would look to me as though our withholding the money from the agent for the same period would sort of place us all in the position of doing business on the insurance companies' money and that any finance charge which is being paid in excess of the interest by the assured is being paid by the insurance companies and not by the agents. The agent receives the money from us in ample time to pay his account current with the companies."

## Dallas Civic Groups Hear Address by Van Schaick

At the noon luncheon Tuesday given by the Dallas Kiwanis Club and chamber of commerce with the insurance commissioners and their friends as guests, Superintendent Van Schaick of New York gave an address which added new laurels to his crown. G. Sam Cummings, manager Kansas City Life and president of the Dallas Life Managers Club, presided. Among the insurance notables at the speakers' table were Commissioners Livingston of Michigan, Read of Oklahoma, Dugal of Quebec, Foster of Ontario, Tarver of Texas, R. B. Cousins, general Texas chairman on arrangements, Secretary W. H. Bennett of the National Association of Insurance Agents, Manager B. K. Elliott, American Life Convention; former Commissioner Ekern of Wisconsin, former Commissioner Thos. B. Love of Texas, R. M. White, president Dallas Life Underwriters Association; Tom L. McCullough, president of Praetorians and chairman of Dallas entertainment; C. C. Moore, president Canadian Life Insurance Officers Association; Tom P. Ellis, president Dallas Insurance Agents Association.

Mr. Van Schaick said that while the states are independent, there are times and issues when cooperation among them is necessary. The commissioners are endeavoring to make insurance safe. They have tremendous responsibilities, but they are meeting them intelligently and sanely. All companies under New York jurisdiction have \$21,500,000,000 assets and \$340,000,000,000 insurance in force.

## Public's Eye on Insurance Cost Now, Robertson Says

### CHALLENGE TO THE BUSINESS

**North America Man, in Address to Missouri Agents, Points to Attitude of Courts and Juries**

Agents and companies are faced with the responsibility of exercising their function in as economical a manner as possible without impairing efficiency, according to W. P. Robertson, assistant to the president of the North America, who addressed the annual meeting of the Missouri Association of Insurance Agents in Jefferson City. The public, he said, challenged by limited incomes and vanishing profits, is inquiring into insurance costs as well as other overhead items. The inquiries are directed at the financial structure of the carrier, what may be expected of it in event of loss, and how it may bring down its cost.

Too great emphasis upon price, without taking into consideration other factors, according to Mr. Robertson, will result in lowering the standards of protection of stock companies. Thus it is necessary through public relations work, to get to the individual a better understanding of what stock insurance activities mean to him and to the country.

Acceptance of the contract puts a moral and financial responsibility upon the officers and stockholders of companies and the institution of stock insurance, he said, is scarred whenever it fails to live up to this precept. This standard must be maintained in the presence of disheartening conditions, he said.

#### Reduction in Forms

Mr. Robertson declared that the great number of copyrighted policies and forms that came out were only a bid for more business and are now being gradually reduced to a folio that is practical and necessary for the business. The saving to be accomplished by reducing the number of forms is comparable to the reduction of odd sizes of manufactured products, he said.

The insurance business has been preyed upon by the tax eaters, according to Mr. Robertson. This increases the insurance cost to the public and the ease by which it has been unconsciously absorbed makes it an alluring method for the gathering in of additional funds, he said. Any increase in taxes without a corresponding increase in rates will affect insurance.

There is agreement, according to Mr. Robertson that the present system of agency competition is not altogether based upon equity, possible because of the competitive element.

#### Need Agents of Ability

Agents of ability must be attracted to the business, he declared. They should be men, among other things, who should be interested in loss prevention. The production cost, Mr. Robertson said, is now as much as a business so clothed with public interest will bear. The difficulty seems to be in getting a more equitable distribution. Solutions have been proposed but competitive factors have prevented their adoption.

Every individual, Mr. Robertson said, should regard a fire or casualty loss as a direct attack upon his individual resources. The estimate has been made that arson and trumped up ingenious claims for injuries constitute one-third of the loss cost.

## Mrs. E. M. Sparlin Dies

Mrs. Emma G. Sparlin, wife of E. M. Sparlin, well known Rochester, N. Y., local agent, who has long been prominent in the councils of the National Association of Insurance Agents, died at her home there last week.

## New Meaning Put on 'Market Value'

(CONTINUED FROM PAGE 5)

ing committee with authority to declare market values at all times. He further suggested that each member of this proposed committee be assigned to continue special research in one particular group of securities only, such as railroads, utilities, motors, metals, etc., the final determination of value, however, to be the responsibility of the committee as a whole.

Mr. Kidd quoted a number of court decisions and statutes on valuations of securities. The term "market value" appears again and again. Out of the maze of legal opinion, he said, the conclusion is reached that the term "market value" has had no complete definition. Almost always where courts have attempted a definition of market value, the matter under consideration has been either lands or merchandise. In none of the decisions is found an effort to set up a rule for determination of market values of securities. Insurance is a business of deferred liabilities, he pointed out, and therefore is fundamentally different from any other line of commercial activity. The tangible fruits of a policy are not delivered at time of purchase, such delivery depending entirely upon the happening of a contingency, and excepting life insurance, delivery under most of the policies is never made.

### Statement's Real Purpose

It is this deferred liability, he said, that makes proper valuation of insurance company assets fundamentally different and important. The real purpose of an annual statement is to show the financial ability of a company to meet its liabilities, and its liabilities being deferred, it follows that the deferred or future financial ability is of first importance. The chief concern is to determine the value that present assets will have at the time deferred or future liabilities mature. Market value then, he said, must logically be construed as future or deferred liquidating values.

Cooperation of all the commissioners is needed in this question, he said. The matter of valuations has been left to the companies themselves for the most part, he said, and the companies have religiously employed stock exchange or similar quotations as of the close of the last day of each calendar year.

### Fair Weather Standard

Use of market values as understood by Mr. Kidd, he said, is just as important in times of inflation as in deflation. When prosperity is excessive, values that do not exist appear in annual statements and dividends of real value, that have not been earned, are distributed to stockholders. Companies are then obliged to enter a succeeding period of depression and deflation in a famished condition, he said. The old school insurance executive, according to Mr. Kidd, could probably be expected to plow back into capital structure the larger part of any inflated surplus and thus provide a cushion for trying days to follow. "But," he said, "there has been attracted to the business in recent years a class of speculators and promoters, sometimes referred to as financiers, who are inclined to treat reserves as an insurance trust without much trust rather than the trust funds they truly are."

### Action Was Wise

Mr. Kidd said that the commissioners were wise last year in abandoning what he calls liquidating value for what he terms market value. The country was in a precarious situation. Insurance was standing as the last line of defense. Anxiety attended the action of the commissioners' convention. Any other action than that taken by the commissioners would have been catastrophic. The action taken by the commissioners, he said, prevented the voiding of many

insurance policies and the prevention of irreparable damage to the economic structure of the country.

What is needed, he said, is to set up a definite and permanent method of fixing the market value of securities for annual statement purposes.

### DU LANEY DISCUSSES PAPER

Recommendation was made by Commissioner A. D. DuLaney of Arkansas, in his address before the insurance commissioners convention, that the amortization principle be extended to farms and farm mortgages as well as to bonds. Mr. DuLaney's address was in the nature of a discussion of the address by

Commissioner Kidd of Indiana on valuations.

Mr. DuLaney referred to the Arkansas statute permitting amortization of bonds and other evidences of debt held by life companies which are amply secured and are not in default as to principal and interest.

"What are we going to do about investments that do not fall under this statute?" he asked. "What amortization rules will apply? Some sound rule or action must be established that will apply to all other securities and all of the companies."

"The yield is one of the most important factors to be considered," he said.

"If you own the evidence of debt or have acquired the title to the property," he said, "if it has no yield at this time and no ascertainable market value, even though it may have some value, then some procedure must be established that justice may be done to the companies and policyholders. It is my firm opinion that amortization rule should be applied wherever it is possible to do so."

"Under present conditions and values," he said, "it occurs to me that any agency that has a heavy line of real estate loans will have to make a large amount of renewals upon the amortization plan. Where it is known that losses now exist in real estate owned or in real estate

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loans, or it is known that such hereafter be sustained, I think amortization should be had wherever possible."

Mr. DuLaney took up the real estate situation. He recalled that as of June 30, 1931, federal land banks and joint stock land banks had become the owners of farms, through foreclosure or by deed, which cost \$112,000,000. They also had \$20,000,000 of delinquent interest. The disposition of this property, he said, will affect real estate loans and values, especially if disposed of at a depressed figure. The disposition of other properties so acquired will affect values and loans.

#### 20 Percent in Default

Real estate loans and investments of insurance companies amount to about \$9,500,000,000. It is estimated that 20 percent of the loans are in default, especially as to interest.

Nevertheless, according to Mr. DuLaney, the diversified line of investments of insurance companies presents a splendid picture. Diversification has prevented a heavier loss than would have occurred.

There has been a steady increase in the ratio of mortgage debts to the value of farms, he said. The country is brought face to face with the seriousness of arriving at values upon such a heavy line of investment, no matter by what agencies they are held.

#### Definite Rules, Remedies Needed

The tide may change quickly, he said, but the true value never returns to the equivalent of unnatural and fluctuating conditions. Definite rules and remedies for the ascertainment, preservation and appreciation of actual values should be determined, he said. He endorsed Commissioner Kidd's suggestion of a standing committee with authority to determine and declare market values at all times.

## McCormack Heads Missouri Agents

(CONTINUED FROM PAGE 4)

commented on the present conditions in the insurance industry, asserting that there are too many insurance companies but that condition is being corrected by consolidations and other means. There are also too many insurance agents and he expressed the hope that some real action would be taken toward that long sought ideal of "fewer and better insurance agents." He said that there is need in Missouri for a strong agents' qualification law to eliminate the undesirable and unfit, and that the state association should get behind such a law. He added that at the recent convention in Philadelphia the National association was given assurance that the companies will generally support such legislation.

#### Companies Desire Cooperation

Touching on other phases of the Philadelphia meeting, he stated that there was manifest every indication that the companies desire to cooperate with the National association in ironing out the various differences between the companies and their agents. He expressed the belief that the possibilities of insurance business are unlimited because of this new spirit of cooperation.

Mr. Weis concluded with the statement that never has the local agent felt the need for a strong organization of agents in his business more than at the present time. He said that insurance agents should cooperate in all movements for the advance of their business.

Superintendent Thompson, who was originally billed to speak on "The Insurance Department and the Insurance Business," at the last minute was suddenly called to St. Louis, and James P. Coolidge, insurance department counsel, spoke in his place. He reviewed the history of Missouri insurance legislation and expressed the belief that the present

insurance laws of the state are woefully behind the march of progress.

Wilbur F. Maring, Jr., executive secretary, reported on "The Past Year's Activities." The membership dropped from 450 to 370 during the year.

Both President Charles L. Gandy of the National Association of Insurance Agents and Commissioner Charles D. Livingston of Michigan, president National Convention of Insurance Commissioners were unable to be present.

Lamar Hill, vice-president general counsel America Fore, spoke on cooperation in the insurance business. "There is now more need of real cooperation in the insurance business than ever," he said. "With it the accomplishments that may be hoped for are boundless; without it success is certainly limited. The companies, agents and insurance supervising officers all desire it for the preservation of the soundness of the insurance business."

Companies and their agents, he said, are bound together by a tie that cannot be broken and neither can continue to exist without the other. "You want strong solvent companies in which to place your business," he continued. "You can do your part by carefully underwriting and carefully servicing every risk. I can not understand the agent who has only his own selfish interest in mind in seeking mere volume for his companies. Give me the agent who realizes that by loyalty to his companies and the assured he best serves himself."

#### Note of Optimism

In discussing the financial strength of the insurance industry, Mr. Hill stated that no other business or industry has withstood the financial storms of the past two years as had insurance. "Don't be stampeded by the depreciation of market prices," he continued. "The market price is only one element in determining real value. But it is not and never will be the real value. In my recent travels I have found that a new note of optimism has been sounded. This new psychological condition is very important. I regard it as fundamental. Psychology plays a tremendous part in recovery from periods of depression."

A. L. McCormack, president Fire Underwriters Association of St. Louis, led the discussion on "Automatic Cancellations." He pointed out that while the agents attending the national meeting in Philadelphia were apparently agreed that the present system of handling the collection of premiums on insurance is obsolete and must be replaced, the subject of "Automatic Cancellations" had been referred to a special committee of the National association which has not yet finished its work. He said there is hope for a final report from this committee by next March.

#### Collections Bad in St. Louis

He also commented on the fact that if the agents are not successful in collecting premiums they cannot settle with their companies so that the matter of automatic cancellations is as much a company matter as it is an agent matter. "Collections are very bad in St. Louis," he declared, "they don't seem to be getting any better. Something must be done to remedy the serious situation that prevails. My idea is that we ought to issue an interim receipt or binder policy, something along the plan used by stock and bond houses, and providing that if the premium set forth is actually paid to the agent then and then only will the insurance policy be delivered to the assured. The present system of sending out the policy immediately is a mistake. Few such policies are cancelled for non-payment of the premiums. Courts have held that delivery of the policy to the assured is a credit extension, and in case of a loss it is always difficult to prove that the policyholder had been properly notified that his policy had been cancelled."

"Financing of Insurance Premiums" was to have been discussed by Harold Oppenheimer, Kansas City, but in his forced absence, E. M. Tracwell, vice-president Atlas Acceptance Corporation,

Kansas City, read the paper originally prepared by Mr. Oppenheimer.

Mr. Oppenheimer expressed the belief that the only way agents can conduct a profitable business today is to turn their accounts receivable into negotiable, secured, simple, bankable contracts and sell them without recourse to a responsible and experienced financial institution. The cost of carrying and collection of accounts was not taken into consideration in making insurance rates, according to Mr. Oppenheimer. The additional cost should not be placed on the company and it is bankruptcy for the agent who assumes it, he said.

When the committee on resolution reported, urging approval to the various resolutions passed by the National association at Philadelphia, L. Garlich of St. Joseph suggested that the report should be amended to include a resolution on "Farm Commissions." The men who have advocated a reduction in commissions on farm insurance are not producers of farm business, he said, although there is no question but that the companies have been hard hit on their farm business.

"I maintain that all farm policies should be personally inspected," he continued. "Careful underwriting requires this. And everyone who knows anything about the farm business realizes it. I don't think we can accept any reduction in commission. I believe that farm rates should be increased. This can be done without disturbing much of our business. Stock companies at best don't get much of the farm business."

#### Company Expresses View

Mr. Markham then stated that the committee on resolutions would accept Mr. Garlich's suggestion and later prepared the farm resolution which was passed.

When the question was raised as to whether any of the company representatives present desired to express their views on the farm rate question one prominent company man, speaking strictly on a personal basis, expressed the belief that as much as the companies need an increase in rates they require careful selection of the risks on the part of the local agent above everything else; careful judgment as to the value and character of the property insured and also as to moral hazard of the owner. He added that the question of a reduction in agents commissions was a delicate subject; one which he preferred not to discuss.

## Quackenbush Hits Premium Financing

(CONTINUED FROM PAGE 4)

said that it would have been a reflection upon his company and his own ability not to be able to compete on an even basis with other leading companies. Mr. Quackenbush said that the agent has the right to determine how many companies and what class of companies he will represent, but that a company which, in its greed for business, demands or seizes the right to have an advantage over competitors, whether through payment of excessive commissions or other devices, is a threat to the American agency system.

#### Spreads Like Disease

The practice, if not checked, he said, spreads like a disease until there is no profit for anybody. He said in some cases there is a resemblance between the rebating agent and the company which offers excess commissions. As commissions are increased, the number of agents and brokers increases.

"While some of you," he said, "may envy the agent in those excepted cities where ridiculously high commissions prevail as the result of foolish competition I can assure you that there is no place where the local agent finds it harder to make a living or experiences greater difficulties in meeting his obligations than in these very cities. There

are unfortunately those who think that the offer of money will achieve what character, skill, and ability can not."

Mr. Quackenbush gave attention to the small loss problem. The western department of the Crum & Forster organization, he said, issues more than 20,000 drafts each year in payment of claims of \$50 or less. Many of these are referred to agents for adjustment and if these are not properly handled the waste to the Crum & Forster organization would easily exceed \$100,000, he declared. That figure is arrived at by estimating a possible average overpayment of \$5 on each claim.

#### Company Function

"Loss adjustment should be regarded as strictly a company function, he declared, but over a period of years the public has been educated to expect immediate attention on these smaller claims. Competition causes a spirit of easy going liberality for which companies and agents are at fault, he declared. Many observers believe that the payment of actual loss on claims for less than \$100 represents the greatest unjustified waste in the business. One improper loss settlement brings others in its wake, he said. At present there is an increasing stream of claims of trivial character, including cigarette burns, chicken burned in the oven while roasting and others which 20 years ago, were regarded as merely incidentals to wear and tear.

Nonstock competitors, according to Mr. Quackenbush, are better organized than ever before. However, he said, "Owing to the weaknesses which constantly develop, as to their methods and their inability to render the intimate service and have the sympathetic understanding which the stock company agent supplies, they have caused but little anxiety, but they will be alert to take advantage of any opening that we may give them."

#### Commission Question

Mr. Quackenbush said he is not advocating lower commissions. He declared, however, that he is convinced high commissions never will be of any real benefit to reputable, full time local agents. A comparison, he said, of the number of men in the business in small cities, when commissions were 15 percent flat, with the number now operating at a pronounced advance, shows that the increase is out of proportion to added values of population. There is a splitting up of the business which adds to the competition.

Mr. Quackenbush said the agents of the country should exert their powerful influence in opposition to improper burdens to the cost of insurance in the way of taxation. The companies pay almost \$100,000,000 for taxes in this country, he said. The speaker said it is indefensible for the state, for instance as in Illinois, to collect \$3,000,000 when only a small fraction of the amount is used for purposes relating to insurance. "The agents," he said, "can serve the public and advance their own interests by demonstrating the impropriety of having stock insurance act as a collector of taxes which serve no purpose in connection with insurance."

#### Hits Valued Policy Law

Mr. Quackenbush also importuned the agents to strike at the valued policy law. Such a law places a premium on arson although, he declared, in South Dakota dishonest losses and claims are infrequent. No honest man, according to Mr. Quackenbush, will attempt to force the payment by legal procedure or otherwise of an amount which he knows he is not entitled to.

The theory that the value of a building be determined in advance of writing insurance is good if it were practical, he said, or could be accomplished without adding expense to the cost of insurance out of all proportions to the benefits derived. Even if a careful effort is actually made to determine the value in advance this would be nullified by changing conditions, he said.



## AS SEEN FROM CHICAGO

### T. J. REIDY CHANGES BASE

The Class 1 agency of T. J. Reidy & Co. is now sharing the office of Rollo, Webster & Co. in the Insurance Exchange, Chicago. Mr. Reidy formerly had his headquarters in the Old Colony Life Building. The two agencies are not consolidating, but are merely being quartered under the same roof for purposes of economy.

\* \* \*

### EDUCATIONAL LUNCHEON PLANS

The first monthly educational luncheon of the Illinois Blue Goose this season will be held Nov. 7 in the LaSalle hotel, it was decided at a caucus Monday. The speaker has not yet been signed up. P. J. V. McKian is chairman of the educational committee in charge of the luncheons, which were instituted last year and were successful.

\* \* \*

### ROBERTS IN NARROW ESCAPE

George R. Roberts of the Class 1 agency in Chicago of George W. Roberts & Son escaped serious injury in an automobile accident near Sturgeon Bay, Wis., in which the man sitting next to him was killed. Carleton M. Vail of the life insurance brokerage firm of H. S. Vail & Sons of Chicago was the man killed. Mr. Vail had many influential connections in Chicago and was reputed to have been the largest producer of life insurance in the city.

\* \* \*

### JOINT COMMITTEE SESSION

A joint meeting of the agricultural committee of the National Fire Waste Council and the farm fire protection committee of the National Fire Protection Association was held in Chicago all day Wednesday. Wallace Rogers of the advertising agency of Gale & Pietsch is chairman of the agricultural committee and David J. Price of the department of agriculture in Washington, is chairman of the farm fire protection committee. A number of insurance men are members of the committee and were on hand Wednesday.

\* \* \*

### LADD HEADS DIVISION

The Insurance & Golf Division organized to sponsor the election of State Senator T. J. Courtney, Democratic nominee for state's attorney for Cook County with headquarters in the Hotel Sherman, held its first meeting Oct. 18. The officers are: Arthur L. Ladd, well-known Chicago adjuster, president; Patrick Sullivan, vice-president; M. T. Doody, secretary, and Charles "Chick" Evans, famous golfer, chairman golf committee. Messrs Ladd and Courtney have been close friends for 20 years.

\* \* \*

### COMMITTEES ARE COMBINED

Three committees of the Western Underwriters Association, public relations, publicity and mutual competition, are combined, to be known as committee on public relations, with J. C. Harding of the Springfield as chairman. It is planned to reorganize the work under a definite program.

\* \* \*

### ATTEND COMMISSIONERS' MEET

John C. Harding, co-manager of the Springfield F. & M. and chairman of the governing committee of the Western Underwriters Association; Secretary C. F. Thomas of the association, and W. P. Robertson, assistant manager North America, are attending the meeting of the insurance commissioners this week in Texas.

\* \* \*

### MUST FISH OR CUT BAIT

The Illinois department is demanding that the Fire Insurance Company of Chicago either become an institution functioning according to the terms of its charter or reorganize as a holding com-

pany, which the state authorities contend it really is. Its fire insurance business is meager. Its assets are chiefly stocks of the Federal Reserve Life of Kansas City, Kan., Agricultural Life of Detroit and Iowa National Fire.

The company in 1931 wrote net premiums of \$8,738; its net losses were \$7,449 and expenses \$51,687. It reported assets of \$4,455,161, including 3,466 shares Agricultural Life carried at \$547,698; 16,915 Farmers National Life, \$341,448; 15,100 Federal Reserve Life, \$825,000, and 39,365 Iowa National, \$910,468. Capital was \$2,000,000 and net surplus given at \$631,946.

\* \* \*

John V. McCabe of the McCabe & Hengle agency in Chicago is passing out the cigars this week, the occasion being the arrival at his home of John Charles McCabe, weight 6½ pounds.

\* \* \*

Carlisle Durfee has resigned as class 1 member of the Chicago Board.

Campeau, Mullally & Meier, Muskegon, Mich., have purchased the insurance business of the Frank J. Wisner organization.

## FIELD CHANGES

### Detroit Managers Are Named

Home of New York Places Metropolitan Area Under Glenn R. Edleman and K. V. Robbins

The Home of New York has appointed Glenn R. Edleman and K. V. Robbins as managers of the Detroit metropolitan department with headquarters in the Penobscot building. They will handle all the companies in the group except the National Liberty and Baltimore American. Mr. Edleman has been in charge of the office since the resignation several months ago of Manager L. C. Nichols. Mr. Robbins has been a special agent in the department. They will operate as Edleman & Robbins.

### C. H. Pettengill

C. H. Pettengill, special agent in the mountain field for the Saint Paul Fire & Marine for a number of years, has been transferred to the home office, where he formerly was employed.

## Loss Total for September Shows but Slight Decline

NEW YORK, Oct. 19.—Fire losses in the United States in September, according to the tabulation of the National Board, aggregated \$30,972,318, a decrease of 1.44 percent from those of the preceding month when the losses totaled \$31,425,931, and less by 6.72 percent than in September, 1931. The record for the month increases to \$341,050,639 the fire loss since the beginning of the year, or \$337,152 more than the total for the first nine months of 1931. There were no fires of conflagration proportions last month, the aggregate being made up of smaller claims, although larger in individual amount in many cases.

Figures by months are as follows:

	1930	1931	1932
Jan.	\$42,344,035	\$44,090,449	\$39,224,783
Feb.	43,206,940	41,776,051	39,824,622
March	42,964,392	44,074,362	49,189,124
April	43,550,936	41,423,764	43,822,233
May	38,415,142	37,835,273	39,270,524
June	31,818,206	33,368,378	34,338,670
July	34,847,750	33,024,594	32,982,434
Aug.	36,043,679	31,917,630	31,425,931
Sept.	35,239,456	33,202,986	30,972,318

Tot. \$348,430,656 \$340,713,487 \$341,050,639

Party platforms are merely parking places for promises.



## By Demonstration or HOW (and WHERE) TO SELL FUR COAT INSURANCE

YOU hear of the salesman who "can even sell ice boxes to Eskimos."

Yet he is no salesman at all, for the term *Salesmanship* does not apply to the foisting upon unsuspecting prospects, of things for which they have no real use. Salesmanship presupposes a definite need, and then creates the desire to own . . . Fur Coat Insurance, for instance, is salable only to those who own valuable furs. First, find them! Then create the desire for the coverage by establishing the need for it. Finally, to guarantee absolute satisfaction, give your customers policies in the "Springfield Group." . . . That course of action will sell Fur Coat Insurance; that is real salesmanship.

THE SPRINGFIELD GROUP OF FIRE INSURANCE COMPANIES

### SPRINGFIELD FIRE AND MARINE INSURANCE COMPANY

Chartered 1849

Cash Capital, \$5,000,000.00

SPRINGFIELD, MASSACHUSETTS

GEORGE O. BULKLEY, President

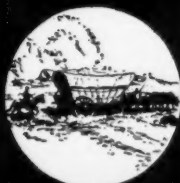
Harding & Linsinger, Mgrs., Chicago. John C. Dornin, Mgr., San Francisco. W. E. Finley, Mgr., Montreal.

CONSTITUTION DEPARTMENT, Springfield, Massachusetts

SENTINEL FIRE INSURANCE COMPANY, Springfield, Massachusetts

MICHIGAN FIRE & MARINE INSURANCE COMPANY, Detroit, Michigan

NEW ENGLAND FIRE INSURANCE COMPANY, Pittsfield, Massachusetts



Specify Stock Fire Insurance

## Single Valuation Measure Is Vital

(CONTINUED FROM PAGE 5)

be compared. Such a report, he contended, would not lack frankness. If the public has confidence in the commissioners, there should be no feeling of unsoundness in the fact that the statement is not on a rigid market value basis. "Furthermore," he said, "the companies would find it difficult to justify the payments of dividends out of capital, an abuse with which some of us have become familiar." It would also go far to remove unfair competition, he said.

Mr. Mitchell also suggested that the inconsistency of disallowing claims for premiums more than 90 days past due without allowing a corresponding reduction in unearned premium reserve might be corrected under present conditions.

### Uniformity in Forms

The work of the committee on blanks over a period of many years has brought about a uniformity in the form of financial statements, according to Mr. Mitchell, but if the reports made on these forms were examined more critically, he expressed the belief that they would not be so uniform as they appear. With the

exception of the life insurance blank, he said, the forms are not models of clarity, the items being susceptible to varying definitions. Many of them, he said, are not mutually exclusive and the form suffers from the absence of a prescribed uniform classification and definition of accounts such as has long been in use by the Interstate Commerce Commission and the public utility commissions of many states.

The making up of a balance sheet involves a large amount of personal judgment, he pointed out. Although many questions are settled by statutory provision, particularly those relating to liabilities, there remains a wide field of opinion, differences of interest and variation in the resulting exhibit.

### Inquiries Not Profound

Mr. Mitchell asked whether too much reliance is not put on the supervising authorities from other states for the pointing out of objectionable features in the operation or condition of institutions within the home state. "How many of us," he asked, "venture beyond the filing of the annual statements and the inclusion of statistical data in our printed reports? How many of us have provided for a technical analysis of the informative data supplied in such profusion?"

These questions, he said, are not

regarded as of great importance in normal years and in years of excessive prosperity. But lately, they have become paramount, he said. Despite the efforts to find an agreed and uniform basis of valuation there was almost insoluble confusion in the requirements of the states as to valuations and the returns of the companies last year.

Mr. Mitchell said that it is not fair to the companies that this confusion should be repeated in the 1932 statement. Neither is it fair to the public or to the potential investor. The responsibility is upon the commissioners, he said. The commissioners must depend upon one another to share the burden, he declared. A complaint or inquiry about a minor technical detail involving companies domiciled outside of California, Mr. Mitchell said he is assured will receive courteous consideration from the commissioners. Such matters, he declared, can be attended to by the home state commissioner with better results. This is the proper field for home rule, he declared, but in the greater responsibilities the commissioners must join hands. Convention examinations are the outstanding and practical application of this view, he declared. Those examinations recognize the inadequacy more manifest today than ever before of the facilities of the home state. These examinations economically conducted with a capable staff should be even more widely used today. He expressed gratification at the insurance examiners of the state departments forming an organization.

### COMMISSIONER RILEY'S IDEAS

Commissioner George D. Riley of Mississippi discussed Mr. Mitchell's paper. Use of market quotations to ascertain value when securities are held in large amounts, is fundamentally wrong, he said. Market prices in times of great stress do not represent actual value. It is true, however, he pointed out, that when conditions are good, market values are used and when they are bad, amortization and arbitrary market values are substituted. The commissioners, he declared, should watch the dividends declared both to policyholders and stockholders in times like the present.

Mr. Riley said he did not observe any advantage to be gained by Mr. Mitchell's proposal of setting up a reserve liability on a percentage basis of the excess of the book value over the aggregate market value. Mr. Riley said the same results could be obtained by a method whereby the market values agreed upon and appearing in the statement are fixed at amounts so that the aggregate value of the assets as they appear, would be the aggregate under the proposed system less the contingency reserve. The effect upon surplus is the same, he said, and it would be easier to recognize what values the assets actually have were they listed directly at the agreed values.

### Importance of Convertibility

Mr. Riley said that the principles of investments applicable to all insurance institutions should take into consideration security of principal, adequacy of yield, readiness of convertibility and diversification. Convertibility is a more important factor to fire and miscellaneous companies than to life, he said. Despite the strain of demands for cash surrender values and policy loans from life companies, there has been the necessity very rarely for selling any considerable amount of assets.

For fire and miscellaneous companies, however, he said a good secondary reserve in quickly convertible assets ranging up to 35 percent of the total assets should be maintained. Investments of companies should be distributed geographically and among securities of different classes, he said.

The home commissioner, according to Mr. Riley, can render the public great service by keeping track of the experience, ability and general character of the management of the home companies.

Insurance stocks were formerly close-

## Big Crowd Hears Bennett at Missouri Annual Joint Meet

(CONTINUED FROM PAGE 5)

of Insurance Agents, and Carl Lawton, president Missouri Insurance Council. While Mr. Lawton was speaking three aerial bombs burst outside. They were timed to the point in his brief address at which he stated that the Cats Meow was the one organization that could be relied upon when there was real work to be done and he then announced that very shortly the St. Louis court would give a dance and entertainment to which all were invited.

Mr. Coolidge, speaking for the Missouri insurance department, paid a tribute to the Missouri insurance agents stating that no single factor had contributed more to the success of the insurance business than the local agents.

ly held without market quotations, he pointed out, but this condition no longer exists. "Promoters and sharpers," he declared, "and other persons untrustworthy because of inexperience have obtained stock control of some of our institutions with disastrous results to policyholders." He suggested that in licensing companies, he commissioner get inspection reports on the management.

### G. A. BOWLES DISAGREES

In discussing Mr. Mitchell's paper, Superintendent G. A. Bowles of Virginia expressed some disagreement with the suggestion in regard to setting up as a contingency reserve an arbitrary percentage of the excess of book value over market value of asset items. A reserve for contingencies or fluctuation in market value should be accumulated in normal and prosperous times rather than in periods when market values reflect only a fraction of intrinsic values, Mr. Bowles said. Such a reserve should not be voluntary, but should be required by statute or departmental ruling, accumulated and segregated for a specific purpose and never to be considered as free surplus. Accretions to the fund could be made from profits on securities sold, from excess of current market values over cost, from interest returns or even by setting aside annually a nominal percentage of the average invested assets. When this reserve fund has been accumulated to a sufficient extent in excess of book value of investments over market value, as well as losses on amount of securities sold, to be charged against it instead of against surplus account.

Mr. Bowles said that Mr. Mitchell's suggestion is good as a temporary expedient inasmuch as it offers a ready method of comparison upon a uniform basis, but it is applicable only in periods of depression. The same result, he declared, could be reached by requiring every company to report its surplus based upon actual market values, after having set up a statement on convention values. Mr. Bowles said there should be a yardstick by which to measure the actual safety of insurance company investments, in normal and abnormal times. The question of yield should be taken into consideration as well as liquidity.

Mr. Bowles said the investments of insurance companies in utility holding companies should be closely scrutinized. The value of the holding company's assets and its actual solvency at any time depend on the condition of the market and the price of its securities, he said, and in a depression the holding company which has all its money in sound subsidiaries may be bankrupt because of the liquidating value of those securities.

### O. E. Lane in Toronto

O. E. Lane, president of the Fire Association, is visiting the Canadian headquarters of his company in Toronto, after having spent the earlier part of the week at western department headquarters in Chicago.



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of LONDON

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An Insurance Company that has endured and prospered for 150 years is a good one to represent.

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## NEWS OF THE COMPANIES

### H. T. Freeman New President

**Succeeds His Father Who Died Recently as Head of Manufacturers Group of Factory Mutuals**

Hovey T. Freeman has been elected president of the six companies comprising the Manufacturers group of factory mutuals of Providence, R. I. He succeeds his father, the venerable John R. Freeman, who died just recently.

The new president has been vice-president and engineer of the companies in the Manufacturers group for a number of years and lately has been assuming many of the responsibilities of his late father's position. He follows the tradition, of which the factory mutuals are proud, of being a graduate of the Massachusetts Institute of Technology.

The companies in the group of which he is president are the State Mutual, Enterprise, American, Rhode Island, Manufacturers and Mechanics.

### Two Reinsurers in Russia Group Are Consolidating

The Metropolitan Fire of New York and the Fire Reassurance, both members of the Russia group, are to be consolidated under the title of the Metropolitan Fire Reassurance. Stockholders of both companies have approved the deal, which will be consummated when the New York department gives its approval.

Under the merger, paid in capital of the new company will be \$400,000. All assets in excess of liability and capital will be transferred to surplus.

The Metropolitan Fire as of Dec. 31, 1931, had \$720,288 assets; \$200,000 capital; \$218,293 surplus and \$280,350 premium reserve.

The Fire Reassurance as of Dec. 31, 1931, reported \$3,814,431 assets; \$400,000 capital; \$1,028,825 surplus; and \$1,606,619 premium reserve.

In 1927 the Metropolitan Fire was organized by interests identified with the Corroon & Reynolds companies. In 1930 it was purchased by the Transatlantic Securities Company of Hartford, which was identified with the Fire Reassurance and Russia. Its outstanding business was reinsured by the American Equitable of the Corroon & Reynolds organization and the new management paid in new surplus and made the company strictly a reinsurer. The Fire Reassurance was started in 1920, being organized to take over business in the United States of the Fire Reassurance of Paris.

### Gets \$1,250,000 New Money

Stockholders of the Standard of New York, which is affiliated with the Tokio Marine & Fire, are paying into that company \$1,250,000 of new money. Paid-in capital is being increased from \$1,000,000 to \$1,500,000 and \$750,000 is being added to surplus. This is being accomplished by the issuance of 5,000 new shares at \$250 each, the par value of which is \$100.

The new financing has been completed, but formal approval of the New York department must be obtained.

The entire issue was taken by the Meiji Fire, which is also associated with the Tokio Marine & Fire. Of the new shares issued, 4,000 will be held by the United States branch of the Meiji and the remainder by the home office.

### D. O. Milligan Made President

DES MOINES, Oct. 19.—D. O. Milligan, for seven years secretary of the Western Grain Dealers Mutual Fire and for three years general manager, has

been elected president to succeed the late Jay A. King, who founded the company 25 years ago. G. S. Blount, assistant secretary for the last four years, becomes secretary. F. E. Yoast, assistant secretary, is now assistant to the president. P. J. Harvey of Gowrie, Ia., will continue as vice-president.

### Girard F. & M. Gets Line

The fire business of the American Preferred Risk Underwriters of Chicago, which is being liquidated, has been reinsured in the Girard F. & M. of the Firemen's group. An earlier reinsurance deal with the Pioneer Fire of Chicago for this business fell through.

### G. L. Lambert Retires

G. L. Lambert, joint manager of the head office of the North British & Mercantile, has retired. He had been connected with that organization since 1879. He was also fire manager of the Fine Art & General. H. S. Milligan, manager of the North British, has been made manager of the Fine Art & General.

### Joint Manager Retires

Herbert Brotherton has retired as joint manager at the head office in Liverpool of the State Assurance. He has been connected with the company since 1906.

### Firemen's Declares Dividends

The Firemen's of Newark has declared a dividend of 3 percent or 15 cents per share payable Oct. 25 to stockholders of record Oct. 15.

## INSURANCE STOCK QUOTATIONS

By H. W. Cornelius, Bacon, Whipple & Co., 112 W. Adams St., Chicago  
As of Oct. 18

Stock	Par	Div. per Share	Bid	Asked
Aetna Cas. ....	10	1.60	30	32
Aetna Fire ....	10	2.00	28	30
Aetna Life ....	10	...	14	16
Amer. Alliance ..	10	...	11	12
American, N. J. .	2.50	.50	7 1/2	8 1/2
Amer. Surety ...	25	...	14	16
Automobile, Conn.	10	1.00	13	15
Baltimore Amer. .	2.50	...	3	4
Boston ....	100	16.00	300	325
Carolina ....	10	...	12	14
City of N. Y. ....	100	...	83	93
Conn. Genl. ....	10	1.20	33	36
Continental Cas. .	5	...	7 1/2	8 1/2
Continental Ins. .	2.50	1.20	14	16
Fidel.-Phenix ...	2.50	1.20	15	17
Fireman's Fund. .	25	3.00	43	44
Fireman's F. Ind. .	...	...	15 1/2	20
Firemen's ....	5	.60	7	8
Fire Assn. new. .	10	.80	23	26
Glens Falls ....	10	1.60	30	32
Globe & Rutgers .	25	...	95	105
Great Amer. Ind. .	1	...	5	7
Great American. .	5	1.00	12	13
Halifax ....	10	1.20	9 1/2	11
Hanover ....	10	1.60	22	24
Harmonia ....	10	1.80	9	10
Hartford Fire. .	10	2.00	36	38
Home, N. Y. ....	5	1.00	14	16
Hartford St. B. .	10	1.60	36	39
Homestead ....	10	...	8	9
Imp. & Export. .	25	...	7	11
Ins. Co. of N. A. .	10	2.00	34	36
Maryland Cas. .	2	...	5	6
Missouri State. .	10	...	7	8
National Cas. .	10	1.20	34	36
National Fire. .	10	2.00	34	36
National Liberty .	2	...	3 1/2	4 1/2
National Surety .	10	...	9	10
National Union. .	20	...	30	35
New Amst. Cas. .	10	2.00	18	20
New Brunswick. .	10	...	8	11
New Hampshire. .	10	...	30	34
N. W. National. .	25	5.00	78	82
Phoenix, Conn. .	10	2.00	42	44
Prov. Wash. ....	10	...	15	17
Sprgfd. F. & M. .	25	4.50	60	63
St. Paul F. & M. .	25	6.00	100	102
Sun Life ....	100	16.00	240	260
Travelers ....	100	16.00	325	350
U. S. Fire ....	4	1.00	17	19
U. S. Fld. & G. .	2	...	5	6
Westchester ....	10	...	12	13

T. G. Lorenzen, formerly secretary of the Federal Surety, is opening a local agency at 207 Kahl building, Davenport.

## YOUR COLLECTIONS—

### How are they?

**COULD** you make use of a few additional ideas on credit and collections? You'll find them in a booklet which more than two thousand agents have asked for and found useful in the past year.

It tells when you should extend credit and how. It suggests ways of collecting overdue premiums. It recommends methods which will prevent such a large percentage of your clients lagging behind in paying their premiums. In other words, it fulfills its purpose, in accordance with our policy of helping agents help themselves, by making sensible, workable suggestions for local agents.

Won't you send, now, for your copy of "Credit and Collections"? Just clip out this advertisement and pin it to your business card or letterhead.

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FRANK J. BUCHER, President

WM. F. KRAMER, Secretary

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### The Inquiry Into Over-Organization

REGARDLESS of plans or methods devised to bring about elimination of waste and duplication and expense, all in the business should be in hearty accord with the movement inaugurated by PRESIDENT W. D. WILLIAMS of the WESTERN UNDERWRITERS ASSOCIATION to reduce expense in the operation of bureaus, commissions, conferences, organizations, etc. As a matter of fact, fire insurance is over organized. While we are talking about economy and federal expenditures owing to the fact that there are too many bureaus and commissions, we should have a care for the work right at hand. PRESIDENT WILLIAMS has appointed a committee on over-organization. There

are two objects in mind, first, economy and next, increased efficiency. So far as we can see there is no disposition anywhere to seek increased power. The companies undoubtedly have allowed the organization movement to get beyond bounds. The so-called organization expense has mounted upward until now the aggregate is heavy. There can be a coordination or consolidation or realignment of the forces that will be efficacious and economical. There should be no thought in mind of anyone having ulterior motives. The greatest good for the business should be, and we believe is, the motive that is prompting this important action.

### See Danger in Measure

INSURANCE men of whatever persuasion would do well to keep close tab upon both the Norris and the La Guardia bills, considered respectively in the Senate and the House at the latest Congressional session, and upon the calendar for review when the bodies again meet. The measures in question, which follow one another closely, provide in effect that there shall be no appeal to federal courts in actions involving corporations or citizens of different states and that the jurisdiction of the state courts shall be final.

The bills have been vigorously assailed by representatives of the AMERICAN BAR ASSOCIATION, and by spokesmen for railways, insurance companies—fire, life and casualty—and for corporations of various types, all of whom recognize the prejudices that obtain in certain states against corporate interests, and the difficulty of

getting juries to try cases strictly upon merit. Addressing the judiciary committee of the House when the La Guardia measure was under consideration, J. H. DOYLE, general counsel of the NATIONAL BOARD OF FIRE UNDERWRITERS, stated that since companies had the right of removing actions from state to federal courts, litigation against the stock fire companies had greatly decreased. A further advantage of the present system, he maintained, is that federal court decisions everywhere are practically uniform where the same issues are involved, while the decisions of state courts not infrequently are widely at variance one with another. Yet another benefit accruing from the trial of cases in federal instead of state courts, is that the former can compel the attendance of witnesses from other districts, a privilege not had by state courts.

## PERSONAL SIDE OF BUSINESS

Heber J. Grant, president of the Utah Home Fire and Beneficial Life of Salt Lake City, is recovering rapidly from a major operation performed recently at the Presbyterian Hospital in Chicago and expects to be able to return home in the course of a week.

N. Dekker, special agent for the America Fore at Wichita, Kan., is confined to his home following poisoning from carbon-monoxide gas while driving last week. Mr. Dekker was on the program of the Kansas Association of Insurance Agents at Salina as president of the Kansas Fire Underwriters Association. As he was unable to attend, his place was taken by Curtman Maupin, state agent of the Home.

The Kansas Blue Goose will honor S. W. Atkinson, veteran Kansas field man and state agent of the Connecticut, with a dinner at Lawrence Oct. 21. While this is a birthday party for Mr. Atkinson, the committee has promised that there will be no after-dinner speeches. Joe F. Springer of the Western Adjustment and Curtman Maupin of the Home are in charge of arrangements.

Arthur J. Weed, eastern Massachusetts special agent Norwich Union, recently chosen most loyal gander of the Massachusetts Blue Goose, is finishing 41 years in service to the Norwich Union. In the early '90s he covered the Illinois, Indiana and Wisconsin field for his company, later taking charge of New York suburban and New Jersey territory and assumed his present duties in September, 1908. Though always quiet and unassuming with all he contacts, Mr. Weed is one of the most popular field men in the eastern states.

Vice-president S. P. Rodgers of the State of Pennsylvania is on a month's trip to the central west and will journey on to Denver to look over the mountain field. Last week he was in Chicago.

A. T. Vanderbilt, chairman of the board of the Public Fire and Public Indemnity of Newark, and a well known attorney, spoke at the joint meeting of the judicial section of the American Bar Association and National Conference of Judicial Councils last week in Washington, D. C., on the "Progress of Speeding up Justice in New Jersey."

W. C. D. Short, 34, New Orleans, assistant secretary of the Hartwig-Moss Insurance Agency, died there after a week's illness.

Everett W. Nourse, United States manager London Assurance, will be receiving birthday congratulations next Saturday on the occasion of his 49th birthday, as he was born in New York City Oct. 22, 1883. His insurance career began at 19 when he went with the Northern of England as map clerk and examiner, later becoming chief underwriter for all eastern departments. In 1910 he organized the improved risks department of the Northern and was its superintendent until 1919, when he was made general agent for all eastern territory. An active committeeman in the New York Suburban Exchange, he was also active in the sprinkler leakage, improved risk and tornado conferences. In 1921 he was appointed assistant United States manager of the London Assurance and became manager Dec. 31, 1919, on the retirement of John H. Packard.

John W. Herd, Missouri state agent for the Scottish Union & National, while attending the Missouri Insurance Day program at Jefferson City learned that he was a grandfather for the first time. A baby daughter was born to Mr. and

Mrs. Howard W. Herd at Columbus, O. Howard Herd is state agent in Ohio for the Scottish Union.

J. J. Baia, a member of the New York City agency of Rose & Baia, died at the Royal hospital in the Bronx as a result of septic poisoning which developed after an operation for removal of a kidney. He was 39 years of age.

Henry L. Grinnell of the Grinnell-Row Company agency of Grand Rapids was killed in an automobile accident near the village of Baldwin, Mich. Three others who were riding in the car were injured.

Mr. Grinnell was the third generation in the insurance business in Grand Rapids. His father, the late Charles L. Grinnell, was in the business with his father as Henry Grinnell & Son. This became the Grinnell-Row Company in 1905 when Frank G. Row, then state agent for the Springfield, entered the firm.

Henry Grinnell became secretary-treasurer at his father's death in 1925. He was 38 years of age, a graduate of Princeton University, director of the Grand Rapids National Bank, a noted golfer and hockey player.

Former Commissioner Don C. Lewis of South Dakota, who resides at Pierre, has had to undergo a third operation at Rochester, Minn. He acted as official host when the commissioners held their annual meeting at the Black Hills two years ago.

Charles E. Boyland, former president of the Insurance Federation of Michigan and head of Boyland & Co., a leading Grand Rapids, Mich., agency, died last week after an illness of more than a year and a half. He was a sufferer from heart disease.

Lansing, Mich., lost a veteran insurance man the past week in John W. Stratton, 71, for the past 16 years a representative of the Massachusetts Bonding. Mr. Stratton was a brother of the late Bert Stratton, who operated the Stratton agency in Lansing. A nephew, Robert, is now manager of the agency.

John D. Cramer, deputy insurance commissioner of Indiana, is wondering if all the companies and individuals that had grievances against the Indiana department intentionally waited until they knew that Commissioner John C. Kidd was well out of the state attending the commissioners' convention in Texas before they swung into action. Last week Mr. Cramer, as official representative of the department, was served with two court injunctions and made defendant in four suits. He says he'll consider himself lucky if Commissioner Kidd does not find him in jail when he gets back.

E. M. Griggs, assistant general counsel of the National Board attached to its western office at Chicago, joined General Counsel J. H. Doyle and P. L. Haid, president of the Insurance Executives Association, at St. Louis, the party traveling to Texas to attend the gathering of the insurance commissioners in that city.

W. E. McCullough of Denver, manager of the Mountain department of the Millers National, is the author of "Insurance Plays Fair," an article featured in the October-November issue of "Good News," published by the company. He contrasted the alleged highhanded methods of a certain receiver of a failed building and loan association who threw a delinquent agent into jail, with accompanying disgrace, with the splendid conduct of insurance companies in handling similar cases.



# INSURANCE AND THE FUTURE

Costs have been carefully analyzed in the past few years by all men. Their analysis has included the cost of things bought, as well as that of doing business.

Insurance and agents and brokers have not escaped, though they have no fears, since insurance cost is based chiefly upon losses, with necessary expense of doing business added.

Nevertheless the agent and broker must continue to justify their place in the business. That they can do by a more intense study of insurance than ever, and of ways and means of assisting their clients with this knowledge.

Then policyholders will be able to answer for themselves any questions dealing with the cost of insurance and the service of the producer. The answers will be favorable.

AMERICAN EQUITABLE ASSURANCE  
COMPANY OF NEW YORK  
Capital, \$1,000,000.00  
  
GLOBE & REPUBLIC INSURANCE COMPANY  
OF AMERICA  
Philadelphia, Pa. (Established 1862)  
Capital, \$1,000,000.00

IMPORTERS & EXPORTERS INSURANCE  
COMPANY OF NEW YORK  
Capital, \$1,000,000.00

KNICKBOCKER INSURANCE COMPANY  
OF NEW YORK  
Capital, \$1,000,000.00

MERCHANTS AND MANUFACTURERS FIRE  
INSURANCE COMPANY  
Newark, N. J. (Chartered 1849)  
Capital, \$1,000,000.00  
  
NEW YORK FIRE INSURANCE  
COMPANY  
(Incorporated 1832) Capital, \$1,000,000.00

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*Incorporated*

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# FIRE INSURANCE NEWS BY STATES

## OHIO AND WEST VIRGINIA

### Advisory Committee Reports

#### Cleveland Mayor Told Unless Fire Department Improvements Carried Out City Will Drop to Third Class

A three or five-year program of improvement in fire fighting facilities is recommended by the advisory committee on the fire department in its report to Mayor Miller of Cleveland. A. A. Benesh is chairman of the committee and A. E. Hendricks of the Monarch Fire is secretary.

The committee recalled that the National Board about a year ago issued a report on the Cleveland situation, the criticisms being fair and helpful. The advisory committee said the National Board would have been justified in re-classifying Cleveland as a third instead of a second class city, with an increase of about \$300,000,000 in premiums. Since publication of that report, the committee states, little has been done to carry out its recommendations and there is every likelihood that maintenance of the status quo will result in an increase in premiums.

The committee recommends purchase of a new fire boat, with a minimum pumping capacity of 6,000 gallons at a cost of about \$80,000. Such a boat could reach a fire more quickly than either of the old fire tugs. It would furnish added protection to all of the oil companies along the river, being provided with modern foam equipment.

#### Pressure Lines

Recommendation is made that the fire department extend the height of pressure lines through the St. Clair avenue tunnel with a pipe not less than 12 inches in diameter and that an extension be made through the Central avenue tunnel, tying into the Scranton Road high pressure system.

New apparatus should be purchased at a total cost of about \$314,000, including 1,000-gallon pumpers, aerial hook and ladders, hose wagons, rescue squad cars, water tower or equivalent.

The committee recommends that a double company be built in the vicinity of West 35th and Memphis streets at a cost of \$82,000 and a double company at Rocky River Drive and Puritas avenue at a cost of \$82,000 and another at 116th street and Melba avenue near Buckeye Road at a cost of \$72,000. The recommendation is made that double companies be built in the vicinity of East 77th street and Carnegie avenue, East 131st street and St. Clair avenue, West 58th street and Denison avenue and London Road and Euclid avenue. Furthermore the committee recommends that the volume of water in 29 locations be increased by installation of larger mains at cross sections. Recommendation is made that firemen be relieved of all outside details excepting such as pertain directly to the prevention and control of fires. The department is now 90 men short, according to the committee but 50 men are used each day for traffic duty at the schools. Recommendation is made that the meal hour be eliminated or reduced, and meals be had at the fire stations.

#### Bureaus in New Building

COLUMBUS, O., Oct. 19.—The Ohio Inspection Bureau and Ohio Audit Bureau are moving this week from the Hartman building, where they have been for a number of years, into their new home, a handsome building erected especially for their use in East Broad street. The Audit Bureau will occupy

half of the first floor, and the city department and the sprinkler division of the Ohio Inspection Bureau the rest. The second floor will be used by the Inspection Bureau and the basement will be occupied as a storage room.

#### Insurance Men Candidates

Three well known insurance men are candidates on the Hamilton county, O., tickets this year. Cincinnati is located in Hamilton county. The three are Leo H. Beckman, representing the Equitable Life of Iowa, candidate for recorder on the Citizens ticket; Howard Doyle, surety bond agent, candidate for the same office on the Republican ticket, and Thomas M. Geoghegan of Perkins & Geoghegan, candidate for county commissioner on the Citizens ticket.

#### Improvements at Portsmouth

At Portsmouth, O., the National Fire Protection Association states that the numerous recommendations in its report made in 1930 have been carried out. Records of fires have been improved. Fires are investigated with exceptional thoroughness, greatly reducing the number of suspicious and incendiary fires. A revised building code will be shortly presented for adoption.

#### Hummel Is Toledo Speaker

TOLEDO, O., Oct. 19.—Neil Hummel, superintendent of the Ohio Audit Bureau, addressed the Toledo Association of Insurance Agents on the new

underwriting rules which have been put in effect in Ohio, including elimination of a special charge for vacant dwellings and in its place the automatic reduction of the protection by one-fourth while the property is vacant. Heavy losses in districts unprotected by high class fire equipment have caused a boost in the rates, he said.

Chester Seller, superintendent of the Ohio Inspection Bureau, also was a guest at the meeting. George W. Senn, president of the association, was chairman.

#### Supports State Chamber Activities

CLEVELAND, Oct. 19.—For several years the Insurance Board of Cleveland has sent a special delegate to the annual meeting of the Ohio chamber of commerce and this year Clayton G. Hale of the Hale & Hale Co. was appointed to attend the meeting in Columbus Oct. 20-21. Among the subjects on the program of interest to insurance men are employment insurance, workmen's compensation and possible further taxation on insurance.

#### Cleveland Board Opens Season

CLEVELAND, Oct. 19.—The Insurance Board of Cleveland will hold its first meeting of the season Oct. 26. The program will be announced later. An active season is planned, with six or seven meetings scheduled.

#### Plan Blue Goose Mid-Winter Meet

The Ohio Blue Goose is arranging for its mid-winter meeting and dance Dec. 5. R. E. Zimmerman, Columbus, is chairman of the entertainment committee.

## CENTRAL WESTERN STATES

### Senator Alex Cowan Is Dead

#### Political, Insurance Leaders Pay Respects to Prominent Michigan Local Agent and Legislator

PORT HURON, MICH., Oct. 19.—One of the most valuable friends of sound insurance was lost to the agency forces of Michigan last week in the death of State Senator Alex Cowan, prominent local agent and chairman of the senate insurance committee for the past two legislative terms. Senator Cowan, 56 years old, died at his home here Oct. 13, a victim of double pneumonia, attended by heart complications. He had been ill for nearly two months and in critical condition for over a fortnight.

#### Political, Insurance Leaders Present

Funeral services, held from the residence Friday, brought together for a final tribute sorrowing friends, leaders in insurance and political circles, from all parts of the state, including Governor Brucker and Commissioner Charles D. Livingston. Among the insurance leaders present were: Charles Freese and George Brown, Detroit, president and secretary, respectively, of the Michigan Association of Insurance Agents; George W. Carter, president Detroit Insurance Agency; Clyde B. Smith, Lansing, former president National association; Alfred Grow, Homer Warren & Co. agency, Detroit, a former Michigan association president; George Lieber, Detroit, resident manager Fidelity & Casualty and former president Michigan association; Harry Quinn, Detroit, resident vice-president Maryland Casualty; H. B. Corell and R. M. Wade, Lansing, first and second deputy commissioners

of insurance; J. E. Reault, chief examiner and actuary, and Robert Morse, head of the licensing division of the Michigan department.

Senator Cowan had served six terms in the state legislature, four in the house and two in the senate. He was the unopposed candidate of the Republican party at the recent primary and his reelection would have been virtually a certainty.

#### Will Be Sorely Missed

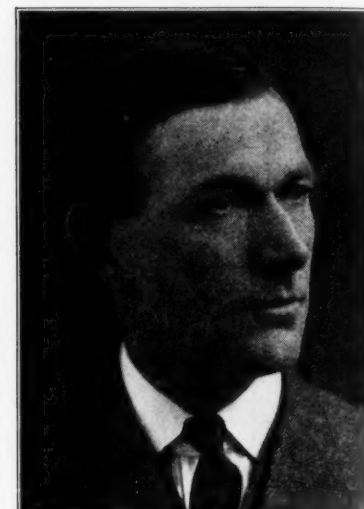
As chairman of the insurance committee, Senator Cowan had occupied perhaps the most strategic position of any person in the state government from the standpoint of influencing insurance legislation and his broad knowledge of the subject and persuasive personality undoubtedly had much to do with the record of constructive legislation affecting the business which has marked the past two sessions. His absence, it is feared, will be sorely felt in the approaching regular session and there is little prospect that so capable and sympathetic a champion of the business can be found to replace him in this vitally important post.

#### Horner, Small Pledge More Prestige for Department

The insurance committee of the Illinois chamber of commerce has received from Len Small, the Republican, and Henry Horner, the Democratic nominee for governor, expressions of opinion favorable to restoring the Illinois insurance department to a position of greater authority.

Judge Horner stated: "It is my be-

### Leader Is Dead



ALEX COWAN,  
Port Huron, Mich.

lief that our insurance department, one of the largest revenue producers in the state, because of its extreme importance in relation to the welfare of the public, should be a separate department of the state, with a responsible, experienced and efficient head, free from political interference of any kind."

Mr. Small stated, "If I am elected governor, I will recommend to the legislature that the insurance department be taken out of the department of trade and commerce. I am in favor of the department being taken out of politics and will appoint the most competent man available to the position of superintendent and hold him directly responsible. I shall also insist that only competent auditors and examiners be appointed to make the company examinations."

In the bulletin, reproducing letters from the two candidates, John H. Camlin, chairman of the insurance committee, stated: "The protest by the state chamber on the subservience of the state insurance department was based on a belief that such a department should be set up in its own right, divorced from politics and allowed to function in the best possible way for the benefit and protection of insurance companies, agents and policyholders. No criticism of the present personnel was or is intended. With the attached expressions from the gubernatorial candidates we feel that there is every possibility of restoring the state insurance department to its former leading position among other insurance departments at little or no additional cost and in a way that will greatly benefit the insurance interests of the state."

#### Indiana Losses Reduced

INDIANAPOLIS, Oct. 19.—Indiana fire losses for the fiscal year ending Oct. 1 were considerably lower than the year before, according to the annual report made by State Fire Marshal Hogston. The total was \$6,678,061, 17½ percent lower than last year. The number of fires was 22 percent lower. Better fire protection methods in cities of more than 5,000 accounted for a 29.24 percent decrease in losses. In towns under 5,000 population the decrease was 13.5 percent and in the country the decrease was only 11.18 percent. Sixty-three percent of all fires in Indiana were in residences. The number of fires of unknown origin increased the last year due to an increase



# LOYALTY GROUP

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## FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

CAPITAL  
 \$ 9,397,690.00

Organized 1855

NEAL BASSETT, Chairman of Board  
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## THE GIRARD FIRE AND MARINE INSURANCE COMPANY

\$ 1,000,000.00

Organized 1853

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## THE MECHANICS INSURANCE COMPANY OF PHILADELPHIA

\$ 600,000.00

Organized 1854

NEAL BASSETT, President  
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 W. E. WOLLAEGER, Vice-Pres. HERMAN AMBOS, Vice-Pres. E. G. POTTER, 2d V.-Pres. W. W. POTTER, 2d V. Pres.  
 WALTER J. SCHMIDT, 2d V.-Pres. T. LEE TRIMBLE, 2d V.-Pres. OLIN BROOKS, 2d V.-Pres.

## NATIONAL-BEN FRANKLIN FIRE INSURANCE CO. OF PITTSBURGH, PA.

\$ 1,000,000.00

Organized 1866

NEAL BASSETT, President  
 JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice-Pres. HERBERT A. CLARK, Vice-Pres. H. R. M. SMITH, Vice-Pres.  
 W. E. WOLLAEGER, Vice-Pres. HERMAN AMBOS, Vice-Pres. E. G. POTTER, 2d V.-Pres. W. W. POTTER, 2d V. Pres.  
 WALTER J. SCHMIDT, 2d V.-Pres. T. LEE TRIMBLE, 2d V.-Pres. OLIN BROOKS, 2d V.-Pres.

## SUPERIOR FIRE INSURANCE COMPANY

\$ 1,000,000.00

Organized 1871

NEAL BASSETT, Chairman of Board  
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 H. R. M. SMITH, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V.-Pres. W. W. POTTER, 2d V. Pres.  
 WALTER J. SCHMIDT, 2d V.-Pres. T. LEE TRIMBLE, 2d V.-Pres. OLIN BROOKS, 2d V.-Pres.

## THE CONCORDIA FIRE INSURANCE COMPANY OF MILWAUKEE

\$ 1,000,000.00

Organized 1870

CHARLES L. JACKMAN, President  
 JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice-Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V.-Pres. W. W. POTTER, 2d V. Pres.  
 WALTER J. SCHMIDT, 2d V.-Pres. T. LEE TRIMBLE, 2d V.-Pres. OLIN BROOKS, 2d V.-Pres.

## THE CAPITAL FIRE INSURANCE COMPANY

\$ 300,000.00

Organized 1886

CHARLES L. JACKMAN, President  
 NEAL BASSETT, Vice-President

## UNDERWRITERS FIRE INSURANCE CO. OF CONCORD, N. H.

\$ 100,000.00

Organized 1905

NEAL BASSETT, President  
 JOHN R. COONEY, Vice-Pres. ARCHIBALD KEMP, Vice-Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.  
 W. E. WOLLAEGER, Vice-Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V.-Pres. W. W. POTTER, 2d V. Pres.  
 WALTER J. SCHMIDT, 2d V.-Pres. T. LEE TRIMBLE, 2d V.-Pres. OLIN BROOKS, 2d V.-Pres.

## MILWAUKEE MECHANICS' INSURANCE COMPANY

\$ 2,000,000.00

Organized 1852

NEAL BASSETT, Chairman of Board  
 J. SCOFIELD ROWE, Vice Chairman  
 H. S. LANDERS, President J. C. HEYER, Vice President WINANT VAN WINKLE, Vice President JOHN R. COONEY, Vice President  
 E. G. POTTER, 2d Vice Pres. E. R. HUNT, 3rd Vice Pres't S. K. McCLURE, 3d Vice Pres. T. A. SMITH, Jr., 3rd Vice Pres. F. J. ROAN, 3rd Vice Pres.

## THE METROPOLITAN CASUALTY INSURANCE COMPANY

\$ 1,000,000.00

Organized 1874

NEAL BASSETT, Chairman of Board  
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 E. G. POTTER, 2d Vice Pres. T. A. SMITH, 3rd Vice Pres. FRANK J. ROAN, 3rd Vice Pres. E. R. HUNT, 3rd Vice Pres. S. K. McCLURE, 3rd Vice Pres.

## COMMERCIAL CASUALTY INSURANCE COMPANY

\$ 1,000,000.00

Organized 1909

**WESTERN DEPARTMENT**  
 844 Rush Street, Chicago, Illinois  
 HERBERT A. CLARK, Vice President  
 H. R. M. SMITH, Vice President  
 JAMES SMITH, Secretary

**CANADIAN DEPARTMENT**  
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**EASTERN DEPARTMENT**  
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**PACIFIC DEPARTMENT**  
 220 Bush Street,  
 San Francisco, California  
 W. W. & E. G. POTTER, 2nd Vice Presidents  
 FRED W. SULLIVAN, Secretary  
**SOUTH-WESTERN DEPARTMENT**  
 912 Commerce St., Dallas, Texas  
 OLIN BROOKS, 2d Vice President  
 BEN LEE BOYNTON, Res. Vice President  
 A. C. MEEKER, Secretary

LOYAL TO PRINCIPLE -- TO LOYAL AGENTS, LOYAL

in the number of incendiary blazes. Over-insurance and economic conditions are blamed for this.

### Cut Muskegon County Cover

MUSKEGON, MICH., Oct. 19.—The Muskegon county board of supervisors has voted to cut down fire coverage on three county buildings \$216,000. They reduced the insurance on the courthouse from \$300,000 to \$155,000, on the county home from \$146,000 to \$107,900, and on the sheriff's residence and jail from \$70,000 to \$37,100, all of the new contracts to bear a 90 percent coinsurance clause.

### Ira D. Goss on Program

Ira D. Goss, superintendent of the farm department in the west for the America Fore companies, will address the annual meeting of the Illinois Association of Insurance Agents in Quincy next Friday. The program committee desired to have a speaker on the farm question and Mr. Goss has just consented to make that address. His subject will be, "Give the Farm Business a Chance."

### Indiana Pond Dinner

An initiation and dinner dance is being planned by the Indiana Blue Goose for the evening of Nov. 7 at the Indianapolis Athletic Club. Most Loyal Gander P. J. Mangan has announced the following entertainment committee: W. J. Webber, chairman, E. P. Carson, E. R. Hubble, J. A. Bawden, M. S. Harlan, Ross A. Moore, E. E. McLaren, George Shank, W. H. Reitzell and C. W. Blackard.

### Mutual Has 30-Day Moratorium

The Hamilton County Mutual, Noblesville, Ind., has announced a moratorium of 30 days in the payment of the September assessment. No policies will be canceled if not paid for before Nov. 1 instead of Oct. 1. Hundreds of farmers are depending upon their tomato crop for money to pay insurance and other obligations.

John P. Brannaman, 72, who was connected with the Walls & Walls agency in Bedford, Ind., was found dead recently at his home.

## OHIO AGENTS

desiring a connection for writing a complete Automobile Policy, address:

**AMERICAN INDEMNITY COMPANY**

Capital \$1,000,000.00

**GALVESTON, TEXAS**

## STATES OF THE NORTHWEST

### Lehnberg Again Heads Board

**Reelected President of Milwaukee Agents Organization at Its Annual Meeting**

MILWAUKEE, Oct. 19.—At the annual meeting of the Milwaukee Board, Ben A. Lehnberg, vice-president of the Chris Schroeder & Sons Company, was reelected president. Other officers, also reelected, are L. C. Hilgemann, Leedom, Miller & Noyes Company, vice-president; E. P. Hunkel, G. P. H. Hunkel & Son, secretary, and W. F. Lynch, Blatz-Kasten & Co., treasurer. Directors are Henry Eckstein, C. F. Hibbard Company; Ralph Martin, Kremers-Martin-Mueller Agency, and H. S. Smith, Smith Insurance Agency. J. G. Grundle, executive secretary since 1920, was again reelected.

Beginning with the next monthly meeting, Nov. 9, evening meetings will be held at some hotel through the winter.

Reports on the activities of the board the past year emphasize the support and cooperation given by the fire companies in the county jurisdiction plan formulated by the board and made effective last January. The plan extends the jurisdiction of the Milwaukee Board to all of Milwaukee county, including West Allis, South Milwaukee, Cudahy, Wauwatosa, Fox Point, Whitefish Bay, Shorewood, River Hills, St. Francis and Hales Corners. Agency representation in the county is limited to eight policy-writing agents, and fire companies have been rearranging their representation in the county in accordance with the new plan.

Reports were also made on the annual meeting of the Wisconsin Association of Insurance Agents at Madison and the National Association meeting in Philadelphia.

### Wisconsin Fund Rates Lower by New Method of Figuring

MADISON, WIS., Oct. 19.—A 15 percent reduction in rates charged by the state fire fund has been ordered by Commissioner Mortensen, bringing them down to 51 percent of stock company rates.

The law states that the commissioner shall fix the rates to be charged by the state fire fund by determining what the substantial average of rates charged by reliable insurance companies is and deducting 40 percent. On this basis the fund has charged 60 percent of stock company rates. Mr. Mortensen, however,

included mutuals, selling insurance at 70 percent of the stock company rates, to reach an average of 85 percent from which the 40 percent deduction is to be made.

If the law permitted, the state could safely sell fire insurance to itself and to other units of government at 40 percent of stock company rates, Mr. Mortensen claims.

### May Affect Madison Renewal

The city of Madison, which is now considering renewal of expired insurance on all city building, except schools, may be affected by the announcement. Under the former 40 percent rate, the Madison Board was able to win out recently in getting business on city schools.

According to Mr. Mortensen, the depression has improved the business of the state fire fund, and barring unusual losses, about \$175,000 will be added to the existing surplus of \$3,000,000, which the fund now has.

The Wisconsin Association of Insurance Agents meeting in Madison recently, voted a resolution for liquidation of the state fire fund, and it is reported attempts will be made in the forthcoming legislative session to bring this about.

### Discuss Wisconsin Plans

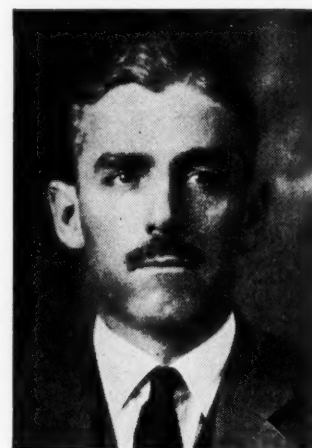
MILWAUKEE, Oct. 19.—Key men of the Wisconsin Association of Insurance Agents met here Monday on call of W. J. Tucker, Beloit, new president, to discuss matters pertaining to the association and outline plans for activity during the coming year. Membership, legislation, county organization and other subjects of importance were discussed. The meeting was arranged by a committee including President Tucker, W. B. Calhoun, Milwaukee, chairman of the executive committee, and Joe G. Grundle, Milwaukee, secretary and treasurer.

Those who attended included A. R. Davis, Kenosha; Earl E. Fisk, Green Bay; W. C. Thornton, Fond du Lac; H. A. Bird, Beaver Dam; Alvin W. Fox and Mrs. M. B. West, Oshkosh; R. C. Neckermann, Madison, and Fred J. Lewis, Monroe Porth, L. C. Hilgemann, B. A. Lehnberg and Walter T. Greene, all of Milwaukee.

### Fire, Casualty Men Cooperate

MILWAUKEE, Oct. 19.—In an effort to put casualty business in this city on a similar basis to fire insurance, a joint meeting of representatives of the Milwaukee Board of Fire Underwriters, and the Casualty Underwriters Association of Milwaukee was held Monday. The casualty situation in Mil-

### Busy Week for Secretary South Dakota Insurors



**J. D. DUX**  
Sioux Falls, S. D.

waukee, as far as agency representation and some other matters are concerned, needs cleaning up and the Casualty Association has secured the cooperation of the Milwaukee Board in making plans towards that end. With some other problems in common, the board, the Casualty Association and the Surety Underwriters Association are planning to cooperate and further meetings of representatives of the three organizations will be held to discuss the underwriting situation and formulate plans to improve conditions.

President Lehnberg of the Milwaukee Board named as a committee to represent the fire interests Fred J. Lewis, B. F. Weil and Val Gottschalk. The Casualty Association will be represented by Hampton Leedom, Otto Gaedke and Fred Kasten and the Surety Association by A. A. Miller, Caesar Marks and W. W. Wolff.

### North Dakota State Hail Rates

BISMARCK, N. D., Oct. 19.—Hail insurance rates for 1932 have been announced by the state hail fund. The rates in the five districts range from 19 to 51 cents for \$7 insurance per acre, and from 27 to 73 cents for \$10 insurance.

Risks carried in 1932 totaled \$8,695,258, while losses totaled \$410,379. There were 974,623 acres insured at \$7, and 187,290 acres at \$10.

### Dodge County Agents Elect

COLUMBUS, WIS., Oct. 19.—E. H. Neitzel, Horicon, Wis., was elected president of the Dodge County Association of Insurance Agents at the annual

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meeting here. Other officers elected are A. C. Gibbs, Columbus, vice-president, and C. J. Keller, Beaver Dam, secretary-treasurer. W. R. Stoddard, Waupun, and H. A. Bird, Beaver Dam, were elected directors. Willard E. Lowry, special agent Fireman's Fund, Chicago spoke on "Inland Marine Lines," and conducted a round table discussion on the various forms of insurance.

### Will Revise Building Code

ST. PAUL, Oct. 19.—A revision in St. Paul's building regulations is being considered by the St. Paul safety council following a survey by the National Board, which has intimated that increased rates will follow if the building code is not altered in some vital respects.

### Minnesota Adjusters Meet

ST. PAUL, Oct. 19.—Thirty attended the first meeting of the year of the Minnesota Adjusters Club, when C. F. Jacobson, Minneapolis attorney, talked on appraisals. J. W. Baker of Main-Baker, Inc., Minneapolis, is president, and Edgar J. Wolf of the America Fore, Minneapolis, is secretary-treasurer.

### Financing Is Discussed

MINNEAPOLIS, Oct. 19.—L. M. Lilly, president of the First Bancredit Corporation of St. Paul, spoke on financing of insurance premiums at the semi-monthly meeting of the Insurance Club of Minneapolis. President Edward Johnstone presided.

### May Curtail Bureau Activities

The National Fire Protection Association reports that a move to abolish the fire prevention bureau of the St. Paul fire department suggested in the interest of economy has been strongly opposed by local organizations and various influential individuals. The association says it appears unlikely that the bureau will be eliminated although its activities may be somewhat curtailed.

### Will Inspect Wisconsin Rapids

The Wisconsin State Fire Prevention Association will inspect Wisconsin Rapids Oct. 27. The local chamber of commerce is sponsoring the inspection and Gerald M. Fritzsinger of the Fritzsinger Insurance Agency is local chairman.

### Fargo Has \$150,000 Loss

The \$150,000 fire which gutted the old Grand theater building in Fargo, N. D., Friday with the heaviest loss there for a number of years, came as a dramatic-

## Reelected



BEN A. LEHNBERG

Ben A. Lehnberg of the Chris Schroeder & Sons Company was reelected president of the Milwaukee Board at its annual meeting.

ally ironic climax to the city's observance of Fire Prevention Week. Insurance was \$48,000. Heavy damage was done to the Improvement building, which housed offices and apartments. Some damage from water and smoke was caused in the Hatcher Brothers insurance agency.

### Recommend Minneapolis Shifts

The National Board has recommended closing three additional fire stations and reopening a closed station in Minneapolis, as a means of bringing about the best distribution of the city's reduced staff of firemen. The force has been cut down to 513 men. The survey was made by W. S. Rathbun, National Board engineer.

### Regional Meeting at Faribault

A regional meeting of local agents of southern Minnesota was held at Faribault Wednesday.

### Minnesota Field Club Meets

Eighty attended the quarterly meeting of the Minnesota Underwriters Association in Minneapolis Oct. 17.

ment added a new paragraph to the article relating to non-resident brokers.

Under another amendment, the maximum rate of brokerage or commission to solicitors, real estate agents, mortgage loan agents or representatives of building and loan associations is 7½ percent less than the rate allowable to agents. In the exchange of business between Class 1, 2 and 3 members, the basis may not be in excess of 5 percent less than the rate allowable to agents.

## Missouri Insurance Day Held

Jones, Robertson and Hall Are Feature Speakers—President Lawton Outlines Council's Work

Missouri's greatest Insurance Day program was given in the house of representatives chamber in the state capitol at Jefferson City, Mo., last Saturday, with Carl Lawton, St. Louis, president Missouri Insurance Council, presiding.

F. Robertson Jones, general manager Association of Casualty & Surety Executives, spoke on "What Ails Us?"; W. B. Robertson, assistant to the president North America, on "Our Economic Problems," and John Hall, director of the street and highway safety division

National Bureau of Casualty & Surety Underwriters, told of the highway safety campaign being directed by his organization.

President Lawton told of the work of the Missouri Insurance Council and its 18,000 members in the protection of the insurance industry in the state. He stated that the organization is a political factor but that the force of the thousands of votes it is able to control will never be utilized unless it is absolutely necessary. Never will the council be found on the side of any movement that is against the best interest of the insurance buying public, he said, and never will it support anything that is unfair or improper for the insurance business as a whole.

Mr. Jones expressed the belief that the insurance industry should settle its own problems and that there is greater need for closer cooperation between the companies regarding underwriting rates and other company practices. The insurance industry faces the responsibility of exercising every care to provide insurance protection at the lowest economic cost with sound business responsibility, he said.

Mr. Hall pointed out that during the 18 months of the world war the United States lost 50,510 killed or died of wounds and 292,000 maimed or injured,



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## IN THE MISSOURI VALLEY

### Fleet Restrictions Approved

Fire Underwriters Association of St. Louis Adopts Proposed Amendments to By-Laws

ST. LOUIS, Oct. 19.—The Fire Underwriters Association of St. Louis has approved a number of amendments to the constitution and by-laws placing greater restrictions on fleets and compelling all members of a group of fire companies under the same general management to observe the rules of the association relative to agency representation.

Under the new amendments it will no longer be possible for one or two companies of a fleet to disregard the association's requirements as to agents while other concerns in the same group are in line. Now all must be cleared within 30 days or the agents who are members of the association cannot continue to represent any company of a

fleet which has an affiliated company not in line with the new rules.

There are eight fleets with some 38 companies affected by the new amendments. These companies have about 109 agencies with members of the association. Some of the companies have as many as six agencies affected. Naturally with so many companies and agencies affected there was some opposition to the amendments and they were the subject of much discussion but all the amendments were passed and are to be strictly enforced within the 30-day period.

### Rule on Apprentice Solicitors

The association also approved the addition of a new section relating to apprentice solicitors, who are to be permitted to operate under that designation for a probationary period of four months. At the end of that time the apprentice must either become a regular solicitor, subject to the payment of the annual dues, or withdraw from the insurance business. Another amend-

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while automobiles in 18 months killed 53,610 and injured 1,500,000.

### Speaking Contest Great Success

WICHITA, Oct. 19.—The Central Kansas Field Men's Club is highly pleased with the results of the inter-school fire prevention speaking contest this year. Twelve students representing the four high schools and two Wichita universities appeared in the final contest at the monthly meeting of the Wichita Federation of Women's Clubs with an attendance of over 300. Cash prizes totaling \$45 were given the winners by the field club.

### Veteran Agent Is Dead

Funeral services were held in Poplar Bluff, Mo., Monday for Joseph H. Walker, veteran local agent of St. Louis, who died at the age of 77. He had been a member of the George D. Capen & Co. agency of St. Louis since its organization about 55 years ago. A son, J. K. Walker, is St. Louis manager for the Crum & Forster companies. Among those attending the funeral was C. R. Street, vice-president and western manager of the Great American.

### Iowa Blue Goose Meets

DES MOINES, Oct. 19.—At the Monday luncheon of the Iowa Blue Goose, the Rev. J. B. Kenna, local minister, gave an address on "Humor." J. S. McHugh, formerly of Des Moines and now in the western department of the Hartford Fire, Chicago, was a guest.

At next week's meeting another "hobby" address will be made by a member of the pond. C. J. Hershe, North America, is chairman of the speakers' committee for November, assisted by G. L. Pickens, Royal.

### Wichita Insurors' Meeting

WICHITA, Oct. 19.—A large attendance of the Wichita Insurors last week heard the reports of President A. E. Smoll and Frank T. Priest, Kansas councillor, on the National association meeting. William Cook of Cook & Cook was appointed chairman of a public safety committee to work toward the reduction of automobile losses in Wich-

ita. President Smoll showed moving pictures of the demonstration of the Philadelphia fire department which he took during the national convention.

### Going with Western Companies

James W. Going, who has been manager of the West American General Agency at Kansas City, has been appointed special representative of the Western Fire and Western Casualty & Surety of Fort Scott for Kansas. The announcement is made by President R. B. Duboc. Mr. Going will continue to live in Topeka and will devote his entire time to the interest of these two companies in Kansas.

### Fire Department Committee

With the purpose of assisting the Missouri Inspection Bureau in improving local fire department conditions in certain towns, President J. H. Duvall of the Missouri Fire Prevention Association has appointed a special fire department committee, with R. E. DeHaven as chairman in the eastern part of the state, and A. B. Young as vice-chairman in the western part. This new committee will report any cases of impaired fire protection that are called to its notice, and will work with the inspection bureau, which has been calling the attention of field men and companies in recent weeks to fire department conditions in certain towns of the state, in developing programs designed for improving such conditions.

### Hildebrand Is Candidate

Ben F. Hildebrand of the Hildebrand agency, Hiawatha, Kan., is Democratic candidate for probate judge in Brown county, Kan.

### Kansas Field Club to Meet

The bi-monthly meeting of the Kansas Fire Underwriters Association will be held in Topeka Nov. 1. The next meeting will probably be held in Wichita in connection with a "splash" of the Kansas Blue Goose.

Kansas fire losses were reduced \$25,367 in September from the 1931 figure, the state fire marshal reports, totaling \$258,053 as against \$283,420 in September, 1931.

## IN THE SOUTHERN STATES

### Bush Reelected Bureau Head

**Reports Dwelling and Farm Classes  
Biggest Loss Factors in Louisiana  
Last Year**

NEW ORLEANS, Oct. 19.—W. P. D. Bush was reelected president of the Louisiana Rating & Fire Prevention Bureau at its annual meeting. Other officers reelected were R. M. Pons, vice-president, and R. P. Strong, secretary-manager. New directors are W. S. Leake, J. K. Farge, E. W. Charlton, Jr., T. W. McDaniel and J. L. DeTreville.

Mr. Bush said in his report that the loss ratio in 1931 was 68.74 percent, slightly less than in 1930 but much greater than the past 10-year average. "The greatest operating loss," he said, "has been due to two classes, the dwelling house group and the farm property group. The unprotected brick and frame dwelling group produced 5 percent of the total premiums with a loss ratio of 178.9 percent. The farm property group produced about 4 percent of the premiums with a loss ratio of 111.5 percent." Mr. Bush reported that the bureau had cut its operating expenses; that every operating account of the bureau had been kept within the allotted amount, except the uncontrollable item of the fund which the law requires to be placed at the disposal of the Louisiana insurance commission, which was

increased steadily since the establishment of the bureau, despite the almost constant reduction in volume of premiums.

Mr. Strong noted a very decided tendency to economize in the installation and upkeep of fire protection facilities on the part of cities and towns, manufacturing industries and individuals. "We have combated this tendency wherever it has been noted," he said. "We have succeeded in most cases in preventing the reduction of personnel in fire departments, and where laxity has been evidenced in the upkeep of private fire protection apparatus we have made special efforts to inspect these properties at frequent intervals."

### Find Improvement in Atlanta

**Much Room for Betterment in Fire Department, However, National Board States in Special Report**

The committee on fire prevention and engineering standards has issued a special report on Atlanta, having been requested in 1931 to make such an investigation in view of the unusually high fire losses of the year 1930. An engineer of the National Board visited Atlanta in 1931, but no report was published. A subsequent visit was made in May and June of this year to ascertain what improvement had been made.

The conclusions were that the high



fire losses of 1930 were due to a combination of economic conditions and a seriously inefficient fire fighting and fire prevention force. Despite the lack of aggressiveness of the chief, according to the committee, he has materially raised the effectiveness of the department and it is reasonable to believe this improvement has been a factor in the reduction in fire losses experienced recently. The improvement cannot be maintained, however, unless radical changes are made in the methods of making appointments and promotions, eliminating promotions made solely for personal expediency and basing them on merit and efficiency, and unless the board of firemasters realizes that they are not technically experienced in fire department operations, confine their functions to the administrative end and make greater use in an advisory capacity of the trained executive officers of the department.

#### Deplorable Condition

At the time of the visit last October, the committee states, the fire department was in a deplorable condition as to training, discipline and morale. Little drilling had been done and company members showed a great lack of knowledge of ordinary firemanic duties. There were instances of failure in prompt obedience.

Since then all members have been examined physically and 13 of them retired on pensions. Two of the best qualified men had been assigned to arson work and investigation of fires.

However, the committee states, personal influence is brought to bear in promotions. One member who is subject to crazy spells, according to the committee, and another who is so mentally defective that he cannot remember the location of his locker or bed and must be excused from responsible duties, are kept on the roll apparently because of personal influence.

#### Plan for Tennessee Meeting

##### State Local Agents Convention Program Being Completed by the Chief Officers

NASHVILLE, TENN., Oct. 19.—W. I. Edwards of this city, president, and Miss Julia Hindman, secretary Tennessee Association of Insurance Agents, are rounding up the program for the annual convention to be held at the Hermitage hotel in this city, Nov. 10-11.

S. M. Buck, western manager Fireman's Fund, will be the principal speaker relating to fire insurance. President C. L. Gandy will speak for the National Association of Insurance Agents.

Welcome will be given by Horace England, president Nashville Insurance Exchange and response by W. M. Garrott, president Insurance Exchange of Memphis.

W. I. Edwards, president of the association, will have an interesting report. John M. Dean, Memphis, former president of the association, will repeat a talk he made at the regional meeting at Union City on "Insurance as I see It Today."

#### Hassinger Boosts Side-Lines

NEW ORLEANS, Oct. 19.—The "newer forms of insurance," such as aviation, automobile and burglary insurance, are being overlooked by Louisiana agents, James E. Hassinger, New Orleans, chairman of the executive committee of the Louisiana Insurance Society, told members of the society here at the first of a series of regional meetings. Only 17.6 percent of the automo-

biles of the state are now insured, he said. That makes about 200,000 cars without insurance, and at least \$1,500,000 in new premiums for the agents who go after it, he declared. E. L. Kidd, Ruston, president of the society; T. C. Grace, Baton Rouge, and Charles Gould of New Orleans also spoke. Those in attendance were guests of the New Orleans Insurance Exchange at a banquet.

#### Bowles to Help Revise Laws

RICHMOND, Oct. 19.—George A. Bowles, Virginia superintendent of insurance, has been appointed by the state corporation commission, which has jurisdiction over his bureau, to serve on the legislative committee which will codify, simplify and revise the general insurance laws of the state.

#### Georgia Department Warning

The Georgia insurance department has issued a warning against insuring in companies not licensed in the state, which are soliciting business by mail. Among the companies specifically mentioned are the General Schuyler Fire of Albany, N. Y., Louisiana Mutual Fire of Shreveport, Ministers Casualty Union of Minneapolis, National Fire & Marine of Elizabeth, N. J., Physicians Health & Accident of Houston, Postal Life & Casualty of Kansas City.

#### Large Individual Losses

NEW ORLEANS, Oct. 19.—The increase in the amount of property damaged and destroyed by fire in New Orleans in the first seven months of 1932 is in marked contrast with the fact that there have been fewer fires, according to Alonzo Church, chairman association of commerce statistical committee. Losses for the first seven months were \$947,982, as compared with \$624,148 in 1931. The loss per fire is \$1,232 in 1932 as against \$840 in 1931.

#### Ross New Orleans Speaker

NEW ORLEANS, Oct. 19.—James B. Ross, vice-president of Godchaux & Mayer, spoke yesterday in the series of lectures offered by the Insurance Institute under the auspices of the Louisiana Blue Goose on types of insurance carriers, stock, mutual, reciprocal, Lloyds and state.

#### Saint Aids State Associations

NEW ORLEANS, Oct. 19.—John D. Saint, manager of the Louisiana Insurance Society, expects to spend several weeks in North Carolina and Alabama, assisting the agents' associations of those states in building up their membership.

#### Urges Care on Solicitors

WEST PALM BEACH, FLA., Oct. 19.—W. P. Fischer, president Florida Local Underwriters Association, has sent out an urgent request that agents fully observe the law on appointment of solicitors, as they must be designated by agents and work only in the agency asking authority. "If in doubt," he advises, "as to qualifications in any case, let the insurance commissioner have all the facts and decide the matter."

Mr. Fischer is also hopeful that agents will classify their companies in relation to membership in the Insurance Executives' Association, "which is showing a keen desire to support the American agency system," he says. "These companies deserve your support and the right thinking agent will support them 100 percent."

#### Consider Casualty Jurisdiction

NEW ORLEANS, Oct. 19.—At the regular meeting of the New Orleans Insurance Exchange, Brian Bell, reporting for the casualty and surety committee, said the committee had communicated with several exchanges taking jurisdiction over these lines, and before the committee was willing to make its final

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recommendations to the exchange, it wished to receive and digest the replies received from the other exchanges. Vice-president Stewart Mansell reported on the annual meeting of the National Association of Insurance Agents in Philadelphia.

### Heads Richmond Exchange

Donald C. Hancock of Elam & Funsten is the new president of the Richmond Insurance Exchange. Other officers named are: E. H. Sutton, vice-president; A. L. Richardson, secretary-treasurer (reelected). Directors in addition to the officers are: J. Straus, W. G. Harvie, W. B. Claiborne, R. C. Cole, B. McCue, G. W. Warren, W. T. Johnson and F. D. Epps.

W. Owen Wilson, former president, spoke on mutual competition. Robert Lecky, Jr., who has seen 49 years of service in the local agency field, gave some interesting reminiscences of the early days.

### Launch Arson Campaign

TAMPA, FLA., Oct. 19.—The Florida Field Conference sponsored a luncheon here today to inaugurate a campaign against arson in Hillsboro county, where losses along this line have been very heavy in the last two years. Tom D. Hughes, America Fore special agent, is general chairman, assisted by a committee of the Tampa local board. Judges, court officials and civic leaders were guests.

### Royal Men in Atlanta

ATLANTA, Oct. 19.—J. D. Simpson of Liverpool, general manager of the Royal-Liverpool & London & Globe group, in company with A. Duncan Reid, president Globe Indemnity, and P. M. Spence, financial secretary of the group, were in Atlanta, the guests of S. Y. Tupper, southern manager.

### Confer on Ashland Conditions

Field men interested in conditions at Ashland, Ky., met with the city authorities and agents there Oct. 19 in an effort to improve the loss ratio situation in Ashland, where conditions have been unsatisfactory for some time past. Ashland is the first of a number of towns on which field men will work for improved conditions.

### Inspect Two Towns in Day

The Kentucky Fire Prevention Association will inspect Cave City and Horse Cave, which are only a few miles apart, Nov. 15. A couple of years ago Greenville and Central City were handled within two days, but this is the first time that an effort has been made to work two towns in the same day.

### Expect 45-Day Balance Rule

LOUISVILLE, Oct. 19. — Paul Grider, secretary Kentucky Fire Underwriters Association, predicts there is now a better chance of the Kentucky field men adopting a balance rule program in view of a recent letter from the Western Underwriters Association, favoring a program of field men enforcing and abiding by such rules where they are in effect. Kentucky hasn't any rule. A year or more ago the plan was discussed, and a program drafted, but it failed to pass and nothing has been done about it. However, with the companies indicating a more favorable stand on the subject, indications are that a 45-day rule will eventually be adopted in Kentucky, with field men reporting to interested companies in any agency at the end of 60 days.

### Tennessee Licenses Granted

The Tennessee department has recently licensed the Albany, E. H. Stockman of Nashville being its representative; the Allstate of Chicago, being represented by the manager of Sears, Roebuck & Company's retail store located in Nashville, and the Associated Under-

writers for Chicago Lloyds, being represented by Hicks Brady Co. of Nashville.

### Ramsey in Radio Address

E. M. Ramsey, state agent for the farm department of the America Fore companies in Kentucky, was heard over radio station WHAS at Louisville on farm fire prevention. He emphasized that it is money out of the farmer's pocket when the losses keep on increasing.

Mrs. Eddir S. Dickey, 68, wife of J. H. Dickey, of the Barret, Robinson, Dickey & Swope agency, Louisville, died Oct. 13 at a Louisville hospital of heart trouble.

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## ON THE PACIFIC COAST

### Underwriters Agency Issue

#### Pacific Coast Delegates Tell About the Increase in Number Due to Amalgamations

At the meeting of the National Association of Insurance Agents in Philadelphia, delegates from the Pacific coast brought out the fact that the underwriters agency practice is growing in that section and is becoming as great a factor as it has been in the past owing to the merger of companies in a group and the desire on part of the management to continue the plant of the company that is being retired. Therefore an underwriter's agency is created to take care of the retiring company. Where local boards thought they had the underwriter's agency situation well in hand, where there was limitation as to representation, they find themselves confronted with a new problem. In almost every instance where a merger has taken place a new underwriters' agency has come into being. The Pacific coast has always been a prolific breeding ground for underwriters' agencies, names appearing in that section that are unknown in others. At the group conferences coast delegates brought out the acute situation which is confronting them.

#### Hail Board May Borrow

E. K. Bowman, Montana hail commissioner, has been advised by the attorney general that the state board of hail insurance may borrow on its warrants and pay not more than 6 percent interest. The opinion holds that the hail board may authorize its chairman and secretary to borrow as required from any person, bank or corporation such sums as are necessary to carry on the business of the department.

#### Montana Field Meeting

The Montana Blue Goose will hold its fall meeting at Great Falls, Nov. 12. The special agents' association will meet there the day before.

#### California Regional Meetings

The first of the present series of regional meetings planned by the California Association of Insurance Agents was held at Santa Ana Oct. 18 at noon, with a similar meeting that evening in Hollywood, which was also attended by members of the Los Angeles Fire Insurance Exchange. Dates announced for

other meetings are: Oct. 24, Fresno; Oct. 25, Modesto; Oct. 26, Marysville; Oct. 28 (noon), Oakland and Santa Cruz (evening).

Eugene Battles, chairman of the executive committee, is to be the principal speaker at all of these meetings, assisted by Frank Colridge, executive secretary. Percy S. W. Ramsden, president of the association, will address the Oakland meeting.

#### McBay on Coast Tour

Don McBay, general counsel for the Ohio Farmers and Ohio Farmers Indemnity, who is touring the Pacific Coast, spent a week in Los Angeles recently with Fred A. Spear, general agent for the group, on the coast. Before returning east Mr. McBay will visit San Francisco, Portland, Seattle and Vancouver.

#### Salvage Service Cuts Losses

LOS ANGELES, Oct. 19.—Fire Chief Scott reports that fire losses for the last fiscal year were \$1,335,000 less than for the previous year, although there were more fires in the later period. He stated that the reduction in losses was due to the efficient operation of the department's salvage service.

#### California Local Boards Elect

Frank Wilson was reelected president of the Santa Cruz (Cal.) Association of Insurance Agents and Laurence Hanfield, secretary, at the annual meeting.

R. J. Zarn has been elected president of the Van Nuys Association of Insurance Agents, succeeding W. W. Todd. W. C. Haden was made secretary.

#### Gropius Blue Goose Speaker

W. O. Gropius, office manager for the Carl N. Corwin Co. general agency of San Francisco, addressed the San Francisco Blue Goose Oct. 17 on "Singapore and the Rubber Industry." Mr. Gropius has traveled extensively throughout various foreign countries and for nearly five years resided at Singapore.

#### Will Name Legislative Committee

DENVER, Oct. 19.—Reeve Burton of Colorado Springs, president of the Colorado Association of Insurance Agents, has announced a meeting to be held here Oct. 29, recommending the importance of appointing a legislative committee to look after the interests of insurance at the session of the Colorado legislature in January.

## NEW ENGLAND NEWS

### Opposes Cancellation Project

#### R. G. Hinkley of American of Newark Advises Individual Resourcefulness in Solving Problem

Individual resourcefulness and business-like procedure in handling collections is preferable to legislation, permitting the use of a clause providing for automatic cancellation for nonpayment, according to Ralph G. Hinkley, New England manager for the American of Newark, who addressed the annual meeting of the New Hampshire Association of Insurance Agents at Manchester.

Mr. Hinkley compared the situation to the problem of an engineer, who must build a road across a swamp, having the alternative of trying to find bottom and filling in solid or building a bridge.

The use of the cancellation clause, Mr. Hinkley compared to attempting to build a foundation for the causeway, "as the

bottom looks mighty boggy for a fill in job."

Mr. Hinkley told of an agent who three years ago borrowed \$10,000 to buy out two of his partners. At that time Mr. Hinkley told him that since he was under an agreement to pay off the note at stated intervals, he had better get his money in 60 days or cancel. As a result, in less than three years he has reduced the loan to \$1,500 and has paid his company continuously within a proper credit period and had lost less than \$200 outstanding in unpaid premiums back of 60 days. He has lost perhaps one-quarter of the business which was on the books of the old agency by reason of the credit system but he has saved time that would have been spent in chasing old accounts and he has written new business for people who still pay their bills.

"If every agent took that way of getting across the unpaid premium swamp, by the time you got legislation there wouldn't be any need of it," he said.

Mr. Hinkley said he was opposed to

the principle of a valued policy but since there is one in New Hampshire on real estate, great care must be exercised in seeing that only the proper amount of insurance is carried on renewals as well as new business. Otherwise, he said, the loss ratio, particularly on outside property, will rise inordinately.

#### Cheney to Preside

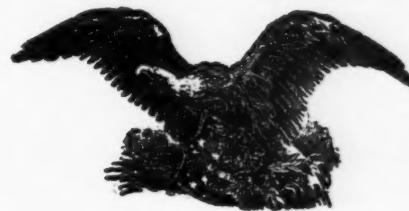
BOSTON, Oct. 19.—Thomas C. Cheney of Morrisville, Vt., chairman of the New England advisory board, has been chosen to preside at the dinner of the Bay State Club here Nov. 4, with Paul L. Haid, president, Insurance Ex-

ecutives Association, as the principal guest.

#### Massachusetts Department Rulings

BOSTON, Oct. 19.—Counsel H. J. Taylor of the Massachusetts department holds that a material misdescription of insured property would probably void the policy as to the mortgagee as well as the insured in the case the misdescription is material.

Relative to oral assignments, he says that while there is no prohibition in law against the insurer or his agent making an oral assignment of a policy and while such an assignment is valid, and if as-



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sented to in writing by the company protects the assignee, it is "rather injudicious" to act on an oral assignment and is better practice for an agent not to assent to a transfer of the policy unless the insured has made a written assignment.

#### Massachusetts Meeting Set

BOSTON, Oct. 19.—The annual meeting of the Massachusetts Association of Insurance Agents will be held at the Hotel Bancroft in Worcester Oct. 26. The program will be announced later.

#### Mountain Field Club Meeting

The Mountain Field Club, composed of special agents of the northern New England field, will hold a social meeting at the Derryfield club in Manchester, N. H., Oct. 20.

## Eastern States Activities

### General Agencies' Deadline

Time Limit for Offices to Justify This Designation in E. U. A. Territory Is Dec. 31

NEW YORK, Oct. 19.—The time limit allowed general agents throughout the jurisdiction of the Eastern Underwriters Association to justify their continuing as such will expire at the end of the year and there is considerable speculation as to what the result will be. In the east, as in other sections of the country, a number of general agencies exist, which it is maintained are such in name only, and which should properly be designated as local agencies. The condition for membership in the American Association of Insurance General Agents is that the activities of the applicant be confined strictly to supervision over a state or series of states, and that he writes no local business.

#### Ragsdale Is Transferred

The Great American fleet has transferred Special Agent Ragsdale to the District of Columbia and Washington suburban field from the home office to relieve Special Agent R. H. Calhoun, on indefinite leave due to illness. Mr. Ragsdale's office is at 1326 New York avenue, N. W., Washington.

#### Penn Pond Dinner

A dinner meeting of the Penn pond of the Blue Goose will be held at Philadelphia Nov. 14, the speakers and other details yet to be arranged.

#### Agents Association Meets

NEW YORK, Oct. 19.—Consideration of routine affairs only occupied the attention of members of the Fire Insurance Agents Association of New York City at the quarterly meeting. The issue in which the agents are primarily concerned is that of producing branch offices, from the competition of which they suffer keenly. The attempted solution of the problem, in so far as the country as a whole is concerned, is in the hands of a special committee of the National Association of Insurance Agents, and presumably considerable time must elapse before it will be able to report anything definite.

#### Bayonne Seeks Class A Rating

Efforts are being made to have Bayonne, N. J., raised from Class B to Class A. Nearly all of the recommendations suggested by the National Board have been made by the city authorities, and when the few remaining changes are completed, it is expected that there will be a resurvey and a rating.

## Speakers in New England



JOHN E. SULLIVAN  
Concord, N. H.



T. C. CHENEY  
Morrisville, Vt.

John E. Sullivan and T. C. Cheney are two of the speakers who were heard this week in New England, where the various state organizations of agents were holding their annual gatherings. Mr. Sullivan, who is commissioner of New Hampshire, addressed the New Hampshire Association of Insurance Agents at Manchester, N. H., and Mr. Cheney, who is chairman of the New England Advisory Board and past president of the Vermont Association of Insurance Agents, was one of the speakers at the Vermont meeting at Burlington, Vt.

## IN THE CANADIAN FIELD

### Truman Heads Ontario Agents

Will Push Agents' Qualification Measure at Next Legislative Session—  
Prominent Men Speak

TORONTO, Oct. 19.—The Ontario Fire & Casualty Insurance Agents Association elected John T. Truman, Hamilton, president at its annual meeting here last week. He succeeds H. E. Rose, St. Catharines, who becomes honorary president. W. S. Davis, Oakville, and J. Innes Carling, London, were elected vice-presidents.

The Ontario association decided to introduce an agents' qualifications bill in the next legislature, requiring government examinations for prospective agents, to check the flood of inexperienced men now entering the field. Employees of the provincial hydro-electric system and the liquor commission have been obtaining agents' licenses and canvassing their fellow employees and the association has protested this action to the attorney-general. The status of lawyers as insurance agents was also discussed.

A. Leslie Ham, Canadian Surety, stated any move for compulsory qualification for insurance agents would be justified on the grounds of public policy. He said it was unfair to agents who had devoted years to study of insurance to meet competition from people temporarily unemployed or who through family connections or other influences control a certain amount of insurance business.

Superintendent B. A. Dugal of Quebec spoke at the luncheon on "Credit and Free Insurance." He urged the agents to exert their influence to eradicate these evils. J. P. Bickell, Ontario registrar of motor vehicles, discussed the operation of the financial responsibility law. He said the law has worked in a satisfactory manner during its two years of operation. A decrease of 15 percent in fatalities for the first eight months of 1932 has been realized.

Dominion Superintendent G. D. Fin-

layson explained points of interest to the agents in connection with the new dominion insurance law. Joseph J. Magrath, chief of the New York department rating bureau, said that supervisory regulation of rates and operations has been proved helpful to the insurance business and beneficial to the public.

Premium financing was discussed by C. S. Fitzpatrick, president Underwriters Acceptance Corporation of Detroit. Mr. Fitzpatrick is contemplating organization of a company to be known as the Underwriters Acceptance Corporation of Canada. It was proposed that the services of the Underwriters Service Corporation be restricted to members of the Ontario association only. Agents discussed the plan and were of the opinion that it is a simple method of financing premiums. The matter was referred to the executive committee for action.

Superintendent R. Leighton Foster of Ontario and S. R. Feller, first deputy superintendent of New York, also spoke.

### Discuss Insurance Jurisdiction

MONTREAL, Oct. 19.—The long-standing question of jurisdiction over insurance was discussed at a meeting here, attended by L. A. Taschereau, premier and attorney general of Quebec; Charles Lanctot, assistant attorney general; Aime Geoffrion, counsel, and B. A. Dugal, insurance superintendent of the Province, and by W. H. Price, attorney general of Ontario; W. E. Bayly, deputy attorney general, and R. Leighton Foster, insurance superintendent for Ontario. Though no decision was announced, they declared that the present situation is unsatisfactory, and may bring further tests in the courts. Workmen's compensation was also discussed.

### Charlebois Succeeds Gagnon

B. A. Charlebois has been appointed Canadian manager for the Rhode Island, succeeding J. P. A. Gagnon. Mr. Charlebois is vice-president of the British Colonial Fire of Montreal.

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# The National Underwriter

THIRTY-SIXTH YEAR  
NUMBER 42

CHICAGO, CINCINNATI, SAN FRANCISCO AND NEW YORK, THURSDAY, OCTOBER 20, 1932  
Office of Publication, 175 West Jackson Boulevard, Chicago, Illinois

KANSAS AGENTS  
CONVENTION NUMBER

## Meade Is Elected Kansas President

### Action Is Taken on Farm Business

Association Seeks Cooperation to  
Place Line on Paying  
Basis

### ENDORSE SAFETY PLANS

Holmes Meade Reads President Case's  
Annual Message—Work of Special  
Committees Praised

By BYRON R. WARD

The Kansas Association of Insurance Agents pledged itself to use every possible effort to secure cooperation between companies and agents in placing farm insurance on a paying basis, at its annual meeting in Salina, Kan., last week. The association went on record as opposing reduction in commissions on farm business, stating that it is impossible for an agent properly to inspect and service a farm risk without proper compensation.

The formation of the Insurance Executives Association and the National Bureau of Casualty & Surety Underwriters accident prevention program were endorsed. The executive committee was instructed to take early action in sponsoring a program of highway safety and accident prevention.

(CONTINUED ON PAGE 35)

### Hope Is Seen For Branch Office Reform by Goodwin

Since the annual meeting of the National Association of Insurance Agents in Philadelphia a number of fire and casualty companies have started to make surveys of their production methods throughout the country with the determination of bringing them into conformity with National association principles. This message was brought to the Kansas agents at Salina by Percy H. Goodwin, past president of the National association, and chairman of its fire conference committee.

The fact that the companies are taking steps looking to reform demonstrates, according to Mr. Goodwin, the wisdom of the course adopted by the National association in leaving the production branch office question to be adjudicated through conference.

### Scores A. T. & T. For Use of Name in Mutual Ad

Mr. Goodwin said that he has held conferences with company executives in the east since the convention and he is convinced that the companies appreciate the good faith evidenced by the agents in the face of insistent demands for immediate action. If a radical step had been taken by the agents, he declared, the entire insurance structure might have been undermined. He expressed the hope that through cooperation of agents and companies, the problem, which, he said is the gravest danger ever known to the American agency system, may be halted.

Mr. Goodwin displayed a copy of the "Literary Digest" of Sept. 24 in which appeared an advertisement of the American Telephone & Telegraph Co. The

copy read: "Do They Have a Local Representative? Who is he? Where is he? When faced with questions like that, just turn to your classified telephone book." The advertisement was inserted by a mutual.

"Here," Mr. Goodwin said, "you find a great national business enterprise devoting its entire energy to producing a profit for its shareholders, featuring a non-profit institution. This inconsistency has been brought to the attention of the telephone company. I think they will come to appreciate that it is extremely unwise for such an institution to lend its aid to exploiting the mutual theory in any business when it is so vulnerable to similar attacks. I hope they will understand the good will of hundreds of thousands of stock insurance company officials, employees and agents is greatly to be desired."

Some companies take the position that the branch office methods will soon be an established fact, he said. Others maintain that the agency system is so impregnated into the structure that it cannot fail unless it brings about its own self destruction.

### Every Type of Direct Solicitation Criticised

Mr. Goodwin said that his criticism was confined to home office counters and every other type of direct solicitation on the part of a company.

The production branch office, he said, is operated openly in defiance of acquisition cost rules. There is a high salaried manager and scores of solicitors, the branch office writing the poli-

(CONTINUED ON PAGE 34)

### Nearly 250 Attend Annual Gathering

Meade Presides in Absence of  
President Case Due to  
Illness

### GOODWIN IS HEADLINER

Hobbs Says Fire Business Has Stood  
Test with Honors—Farm Situation  
Reviewed

### NEW OFFICERS

President—Holmes Meade, Topeka.  
Vice-president—chairman executive committee—Duane T. Stover, Wichita.  
Secretary-treasurer—Wade Patton, Hutchinson.  
National councillor—Frank T. Priest, Wichita.  
Executive committee—Rosse Case, Marion; Mark Bridges, Norton; John V. Kelly, Leavenworth; Don Ellis, Kansas City; Raymond Budge, St. John, and Fred R. Fitzpatrick, Salina.

Holmes Meade, Topeka, vice-president and chairman of the executive committee, was unanimously elected president of the Kansas Association of Insurance Agents at its annual meeting in Salina last week. Mr. Meade presided at the sessions, due to the illness of President Rosse Case of Marion.

There were nearly 250 present at the convention, with the Salina Insurance Board acting as host. Percy H. Good-

(CONTINUED ON PAGE 34)



HOLMES MEADE, Topeka  
New President Kansas Association



ROSSE CASE, Marion  
Retiring President



DUANE T. STOVER, Wichita  
Chairman Executive Committee



FRANK T. PRIEST, Wichita  
National Councillor

## Farm Agent's Fate in His Own Hands

Producer Can Prevent Withdrawal of Companies, Carl G. Lund Says

### WON'T TEMPORIZE LONGER

Oklahoma Special Agent for America Fore Group Gives Advice to Kansas Agents

With companies prepared to withdraw from farm areas that are chronic losers, the agent holds his fate in his own hands, Carl G. Lund told the members of the Kansas Association of Insurance Agents in session at Salina. Mr. Lund is special agent in the farm department for the America Fore group in Oklahoma.

The farm business cannot be perpetuated, according to Mr. Lund, if the unfavorable experience of the stock companies in that field, which has been witnessed for many years, continues. The time has come, he said, when, however little a company may feel disposed to retrench, withdrawal must be effected if experience indicates that course is necessary. "Therefore," Mr. Lund declared, "it becomes the obligation of every agent and at the same time resolves itself to the ultimate interest of every agent, to assume full responsibility for his own record and his own territory, and to be held accountable for his own results."

### Well Balanced Policy What the Companies Want

Standardization in every detail is not possible in the farm field, Mr. Lund said. Each risk is a case in itself, surrounded with certain conditions which make it good, fair or poor and these conditions may be below the surface. The local agent, he said, should act as the company on the ground and be judge and jury.

The companies, according to Mr. Lund, have a right to expect careful selection of risks on the part of the agent, proper distribution of liability so as to bring about a well-balanced policy, elimination of small and flimsily constructed farm buildings susceptible to wind damage, careful inspection of every risk and avoidance of over-insurance or moral hazard. A wise agent, he said, takes no chances.

### Machinery Needs Thorough Overhauling, Adjustment

The farm writing machinery needs a general overhauling and readjustment if the companies are to continue in that business, he said. There are many different opinions on how the overhauling should be accomplished—such as modifications or changes in forms or rates. The argument is made that the present policy is too limited and should be liberalized. "It occurs to me offhand," Mr. Lund declared, "that we cannot save a sinking ship by adding additional cargo or stop the leak by making the hole bigger." However, he declared, liberalization of contracts would not be distasteful to the companies providing all features would be adequately paid for.

There must be whole-hearted cooperation, he said, and the agents should see to it that the farm writing companies are not driven entirely out of the business. The agents should undertake to bring the level of insurance to the point where a fire loss, anytime, anywhere can

## Side Lights of Kansas Meeting

Following the meeting, Percy H. Goodwin, past president National association; Frank T. Priest, Kansas councillor, and Duane T. Stover, newly appointed chairman of the executive committee of the Kansas association, drove to Marion, Kan., to visit Rosse Case, immediate past president of the Kansas association, who was unable to attend the convention this year on account of his health. Mr. Case is able to spend some time at his office now but his physician would not permit him to attend the convention. He was represented, however, by his son and associate, Alex Case, who is the third generation to be connected with the Case Agency at Marion.

Frank L. Britton, Democratic candidate for Kansas insurance commissioner and a well known former field man, attended the convention and while driving his car with two other Democratic candidates, overturned on the highway the next day after the meeting. It is reported that he was not seriously injured but that all of the occupants of the car narrowly escaped severe injuries. He had mingled with agents of long friendship at the convention.

Holmes Meade, the newly elected president, who presided at the convention, conducted the business sessions in a business like manner and each speaker appeared at the scheduled time. There were no dragging minutes on the program and interest was kept at its peak all through the meeting. Many local agents and field men remarked about this phase of the convention.

The banquet Thursday was attended by about 290. Holmes Meade was the toastmaster and Percy H. Goodwin the principal speaker. John J. Hall also talked. A well planned entertainment followed the address.

About 30 golf prizes were donated by companies and general agents for the golf tournament Friday afternoon. Practically all of the prizes were awarded to local agents and field men living outside of Salina. There were only a few prizes for which the Salina local agents were entitled to compete.

A great deal of credit for the success of the convention goes to George T. Fisher, president Salina Local Board, who has diligently worked upon the program for the past month, in behalf of the local board, together with R. H. Cravens, state executive committeeman who was chairman of the program.

Among the company officials present were G. W. Funk, Chicago, agency supervisor Great American; O. P. Rush, Kansas City, vice-president Kansas City Fire & Marine, and L. B. Burt, secretary Preferred Risk of Topeka.

Gilbert Henry of R. K. Stiles & Co., Kansas City, Kan., arrived at the convention after he had broadcast a fire prevention speech over radio station WLBK in Kansas City.

About 25 members attended the breakfast conference conducted by Frank T. Priest. Sole agency representation was recommended. It was also suggested that the local boards get behind the educational programs.

Duane T. Stover, Wichita, who was elected vice-president and chairman of the executive committee, held the position of chairman of the membership committee during the past year. He has acted as president of the Wichita Local

only mean a substantial money loss to the man who suffers it.

While it is necessary that adequate rates be obtained, he said, the local agent can accomplish a possible rate reduction by bringing to the company such results as will justify it.

Board for the past two years in which he made a very good record.

Don Ellis, H. O. Tinklepaugh and Byron R. Ward were pleased to find out that the Kansas City, Kan., chapter of the Phi Delta Kappa fraternity, to which they belong, was instituted by Percy H. Goodwin, while he was the national president of that fraternity.

Don Ellis, new executive committeeman, is associated in the Merriam, Ellis & Benton Agency, Kansas City, Kan., which is one of the largest and oldest agencies in that city. The firm has continued under its present name for the past 34 years. Mr. Ellis is a son of Frank Ellis, a member of the firm and one of the well known agents in the state.

Raymond Budge, new executive committeeman, operates the Budge Insurance Agency, St. John, Kan. He is a young man well thought of and well qualified for this position.

Fred H. Fitzpatrick, Eberhardt-Fitzpatrick Agency, Salina, is another new executive committeeman. He has been an agent in Salina for a great number of years and was president of the Salina local board in 1931. For eight years he served as United States marshal.

Charles K. Foote, Wichita, past state president, presented to Alex Case, son of President Rosse Case, a present on behalf of Kansas association to show the members' high regards for Rosse Case. He also presented Wade Patton, secretary, with a present for the work he has done in that office.

## R. P. Cravens Dons Historic "Specs", Scans 55 Years

R. P. Cravens of Salina, in talking to the Kansas agents, put on his historical spectacles and indulged in reminiscences of his 55 years as a local agent. When he started in the business, he recalled that lightning was covered by endorsement. There were no state inspection departments, no confusing rules, no charges and credits, no state supervision and no interference by public officials. Local agents made the rates. "Apparently," he said, "there was not much to learn, and yet everything was to learn."

Gasoline was not permitted even for a consideration. There was no such thing as tornado insurance and automobiles had not been invented. Marine insurance was well developed. He said that casualty lines were not known to him, if they existed.

Mr. Cravens said that tornado insurance was originated in his office and he produced a copy of what he believes is the first policy. That was in June, 1879, and the company was the German of Freeport. The agency had no forms, but used the fire policy and added the words, "lightning, tornado, cyclones and windstorms." The agency also made the rates, which were approved by the German. He expressed the belief that the same wording now prevails.

The late Fred Gund, father of the western manager of the Crum & Forster group, was secretary of the German.

Hail insurance on growing crops was not written at that time, but shortly afterwards the St. Paul F. & M. entered the field.

Mr. Cravens said the first policy he wrote was on a prohibited risk and was canceled by the company, but not until after a fire had occurred. The fire was extinguished without much loss and he said the building still stands. His first company was the American Central.

Fire insurance, Mr. Cravens said, is the foundation stone and bulwark of the insurance structure. In those days, he said there were no printed forms and no typewriters. Daily reports, policy and copy for the policy register were written in longhand.

## Selling Hints in All-Risks Field

L. F. Carter of W. B. Brandt & Co., Gives Production Suggestions

### C I T E S OPPORTUNITIES

Many People More Affected by Loss of Personal Property Than By Loss of Business

L. F. Carter of the Chicago office of W. B. Brandt & Co., in his talk before the Kansas Association of Insurance Agents at Salina, gave a number of production hints in the all-risks field. These policies, he said, are the answer to the desire of those who say, "I wish I could get a policy which would cover me against everything, anywhere."

Many agents, he said, have sold the personal effects floater on the ground alone that it covers sports equipment in country clubs. Others are interested in buying because laundry and suits in the hands of cleaners are covered.

Often men will be more affected by the loss of personal equipment than the loss of business. Many losses, he said, are being paid under personal effect policies, because of holes burned in clothing while the insured is smoking while riding in an automobile.

The personal effects floater can be sold the year round and not merely when the traveling season is at its height, he said.

### Engagement Ring Policy May Lead to Bigger Line

Mr. Carter urged sale of engagement ring policies. Usually this is the first piece of valuable jewelry that a young woman acquires. Selling such a policy may lead to more business in the future, he said. He suggested that agents read the society columns for news of engagements.

The cooperation of jewelers can be obtained in the sale of regular personal jewelry floater policies, because the jeweler feels that without insurance a person might not replace jewelry that is stolen or mysteriously disappears.

Then jeweler's block policies should be sold. These cover the jeweler's own stock, goods entrusted him for sale or repair on his own premises and anywhere in the United States, in transit by registered mail and express, while being carried by himself or messengers and salesmen, while entrusted to customers on approval, excluding dishonesty of that customer. Mr. Carter said that there have been some sensational jewel robberies which have been covered under the jeweler's policy. Jewelers covered by separate policies do not have adequate insurance as a rule, he said.

### Prospects for Camera Insurance Are Available.

Fur coat insurance is worth soliciting because of the contact it makes, he said. Nearly every customer can be approached on one or more types of all risk policy, he said. In issuing fine arts policies, he said the value must be established by appraisal and then the items must be insured specifically. The policy can be written to cover only in the home or with various territorial limits. The burglary and theft hazard to fine arts is considerable, he said. There is a market for certain stolen prints and paintings. A man may put his jewelry in a safety deposit vault, he declared, but he cannot do that with fine arts.

Solicitation of camera policies may



lead to business in other lines, he said. Prospects are private individuals with movie or still cameras, press and professional photographers.

Jazz bands, he said, are prospects for all risk musical instruments policies. Musicians are greatly attached to their instruments and should be easily sold. Doctors and hospitals are prospects for all risk radium policies. Radium is insured often as much to cover the cost of recovery as to insure its actual value.

The silverware policy covers not only in the permanent residence of the assured but in transit to and from the summer home and otherwise.

While the furrier's customers policies, he said, are being written generally, there is a feeling among some agents that it is not in accordance with the American agency system, if the policy is extended to grant the furrier the privilege of giving an annual certification of insurance to his customer.

Companies have paid many losses under traveling salesmen's floaters, he said.

Competition from companies which are not members of the Inland Marine Underwriters Association has not been a very disturbing factor, he said, and there is no disturbance from a rate standpoint.

### Farm Commission Cut Will Be Dropped, Priest Feels

Frank T. Priest, in his report as national councillor to the Kansas agents, reviewed many of the happenings at the mid-year meeting of the National Association of Insurance Agents in Cleveland and the annual meeting in Philadelphia.

Mr. Priest expressed the opinion that the valued policy law in Kansas should be repealed. "It affects our insurance rates," he said, "and honest people pay the penalty."

Mr. Priest said the objection is heard that the National Association of Insurance Agents is an association of big city agents. However, he pointed out that five members of the new executive committee are from other than large cities: San Diego, Cal., with a population of 147,000; Atlantic City, 60,000; Baton Rouge, La., 30,000; Greensburg, Pa., 10,000 and Gainesville, Ga., 10,000. Men from these cities, he said, understand the problems of the small town agent and are working in their interest.

As a result of conferences with company men in the west, Mr. Priest expressed the belief that the reduction in farm commissions would not be put into effect Jan. 1, 1933 as planned by the Farm Underwriters Association.

### Greetings of Kansas Field Club Presented by Maupin

Greetings from the Kansas Field Club were brought by Curtman Maupin, Home of New York special agent and chairman of the club's executive committee. Mr. Maupin substituted for N. Dekker, America Fore state agent, and field club president, who is ill.

Mr. Maupin told of the Kansas Field Club's constructive work. "It was organized in 1924," he said, "for the purpose of securing better building construction, adequate water supply, modern and approved fire extinguisher apparatus and equipment, ordinances establishing the best methods for eliminating unnecessary fire breeding hazards, and to cooperate with state, county and municipal authorities in their efforts to reduce fire waste, to the end of protecting life, avoiding personal injury, and safeguarding property. Also to promote correct underwriting practices among its members, and improve their ethical conduct."

"It has not been so many years since the special agent was identified by a stove-pipe hat, more or less beard on his face and a frock coat," said Mr. Maupin. "His coming to town was quite an

event. He served many purposes for his company, making surveys, rates, adjusted losses and assisted the local representative in soliciting business.

"There have been many changes since that day. We now have our state rating organizations and adjustment bureaus, which have taken quite a little of this work from the special agent. However, now, as then, the fieldman has always been closely identified with the local agent, realizing that only as the local agent is prosperous is the company prosperous."

The Kansas Field Club is in hearty accord with the Kansas association, said Mr. Maupin. He told how the club

had invited President Rosse Case and Frank Priest, national councillor, to appear at its meeting and give a brief outline of the accomplishments of the association and its future programs. Out of this grew the conference committees for the purpose of conferring on problems which arise and which affect both associations.

### McMaster on Financing

A. F. McMaster, manager of the insurance department of the Empire Securities Corporation of Wichita, who addressed the Kansas agents on premium financing, advised using finance plans as

a means of settlement in closing a sale, but not as a thing to sell in itself. A client, he said, will pay the finance company with a better feeling and more promptly than he will pay the agent.

In financing insurance premiums, the return premium valuation of policies is the best secured merchandise. Premium financing is a boon to the agent in dealing with customers who are habitually poor pay, he said. Such a client could be advised, he declared, that unless he pays cash for his premium he must sign a note that can be cashed and the insurance company paid so his insurance will be in force. The client should not feel offended at such a proposition.



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## Nearly 250 Attend Annual Gathering

(CONTINUED FROM PAGE 31)

win, San Diego, past president of the National association, was the headline speaker, telling of the National association's effort to preserve the American agency system.

John J. Hall, safety expert of the National Bureau of Casualty & Surety Underwriters, told of the service of his organization in reducing accidents. An instructive talk on marine insurance was given by L. F. Carter, vice-president W. B. Brandt & Co., Chicago, and R. P. Cravens, Salina local agent, told of his 55 years' experience as a local agent.

### Fire Companies Stand Test of Present Conditions

In his talk, Commissioner Hobbs said that he did not know any business that has stood the test during the present conditions any better than the fire insurance companies. Everyone should endeavor to reduce losses or rates will have to be increased, Mr. Hobbs said, and no one wants an increase at this time. He reviewed the increase in compensation and automobile rates in Kansas. Mr. Hobbs said he recommends more power be given the insurance commissioner in enforcing the qualification law by the next legislature.

Discussing farm insurance, Carl G. Lund, Oklahoma special agent Fidelity-Phenix, said that some of the responsibility for the high loss record was due to the agents overinsuring risks. Conditions on the farms have changed, he said, but the farm writing companies continue to write business as they did 20 years ago. Each agent should be held responsible for the losses in his community and a given territory should be the guide as to rates, he declared.

### Cooperation of Field Men Secured by Case

The Kansas association, through President Rosse Case, has done a great deal towards establishing a harmonious feeling between the local agents and field men. As evidence of what has been accomplished, Curtman Maupin, state agent Home of New York and chairman executive committee of Kansas Fire Underwriters Association, addressed the convention and was the first representative of the field club ever to appear upon a program of the state association. A good deal was said at the convention relative to the cooperation that has prevailed during the past year between field men and local agents and this feeling was noticeable during the meeting.

A. F. McMaster of the Empire Securities Corporation, Wichita, spoke on the installment payment of premiums.

Frank T. Priest, Wichita, national councillor, gave an interesting report and also conducted the breakfast conference for officers of local boards Friday morning.

### Slight Decrease in Membership Reported

Holmes Meade read President Rosse Case's report in which he endeavored to give to the other officers, executive committee men and the standing committees all of the credit for the achievements of the association during his term of office. Mr. Meade contradicted the statements relative to where the credit belonged and stated that the credit was all due Mr. Case.

Charles K. Foote, Wichita, past president, was chairman of the resolutions committee which was composed of Seymour Drehmer, Dodge City; Claude Carney, Abilene; H. O. Tinklepaugh, Kansas City, and Raymond Budge, St. John. The nominating committee appointed by Mr. Meade was composed of: Harry Davis, Hutchinson, chairman; John Kelly, Leavenworth; Don P. Pierce, Topeka; Mark Bridges, Norton; John Burns, Wichita, and Don Ellis, Kansas City.

The address of welcome was given

by George Robb, president Salina Chamber of Commerce, and Duane T. Stover, Wichita, responded. Secretary Wade Patton, Hutchinson, reported that the membership had decreased during the past year from 397 to 353. If it had not been for a strenuous membership campaign under the leadership of Duane T. Stover and the wonderful cooperation given by the membership and field men, the results would have been considerably worse, he said. Mr. Patton also told of the forming of a conference committee during the past year composed of Frank T. Priest, Holmes Meade and Rosse Case to confer with a like committee of the Kansas Fire Underwriters Association.

Bert Mitchner, Hutchinson, past president, led the discussion relative to the county farm bureau's sponsoring the selling of mutual automobile insurance. The agents said the main objection is that the mutual coverage is not correctly explained by the bureau.

### Coinsurance Hail Clause Discussed by Agents

Another discussion was held relative to the insurance companies changing their filings with the state department which would do away with the 50 percent coinsurance hail clause which is now attached to the tornado policy. It was suggested that the change be made so that the tornado policy would include hail for the same amount. The rate on hail insurance because of the larger amount to value could be made cheaper. The executive committee will take this matter up with the companies soon.

A number of states are now working toward a uniform motor vehicle law, said Thomas N. Muloy, of the Kansas motor vehicle department, in his talk. A number of local agents have had some trouble with the insurance written on trucks which are under the supervision of the public service commission and Mr. Muloy was kept busy answering their questions.

### Hope Is Seen for Branch Office Reform by Goodwin

(CONTINUED FROM PAGE 31)

cies and providing perquisites. All of this overhead the agents must pay out of their own commissions, he said, while the office solicitors are paid the same commissions as the agent.

Some of the branch offices have been in existence for many years. When they were few in number, they could produce enough volume to be profitable. That was in the days when the companies could afford to be interested in volume without so much regard to the loss column.

Then, he continued, following the war, competition for volume became unbounded. The loss column was ignored. Companies loyal to the agency system felt themselves forced by competition to establish branches. The system grew so that whatever advantage formerly accrued to branch office production was no more.

Now that companies must turn once more to underwriting and must exercise all economies, they are loaded with these uneconomic branches, he said. And the business which the agent formerly found sufficient for conduct of his own office, has been taken by the branch offices to an alarming extent.

### Example of Small Town Agent Who Is Annihilated

The small town agent, according to Mr. Goodwin, cannot dismiss the problem. Unless something is done to stem the branch office tide, he declared, the local agent as such will soon be a thing of the past in every city and hamlet.

Mr. Goodwin gave an example. He told about a community 80 miles from a large city. The town has a general store, confectionery establishment and gasoline station. It has had a local agent who has served the community for years and has been its insurance counselor. But a branch office manager



in the city 80 miles away discovered there are three good risks in the community and he appointed the bookkeeper at the general store as solicitor. Then through manipulation of the rate, the other two good risks were taken away from the local agent. Thereupon the bookkeeper solicited farm business and the farmers who owed money to the store were easily persuaded to patronize the bookkeeper. And the bookkeeper does not have to write the policies.

"When we assembled for the Philadelphia meeting," Mr. Goodwin declared, "the opinion prevailed that we faced a situation that could no longer be compromised with; that our years of patient striving to alleviate the situation had met with such ill success that the time for action had arrived. The atmosphere was militant. We had before us insistent demands for relief from New York City, Philadelphia and from every section. It was only after the convention was under way that reassuring statements from company executives gave rise to hope that peaceful negotiations might yet remove the necessity for a combat.

#### Asked Deferring Action Until After Conferences

"As chairman of your conference committee," he continued, "it was my duty to attempt to guide the National Association in this crisis. With a deep sense of responsibility, I asked that action be deferred, pending further conference. Here we apparently had a conflict between two strong principles to which we owe our loyalty. For years we have held to the theory that in handling problems with our companies, conference and cooperation should prevail. Likewise, we have held throughout the years that no company which conducted business through any medium other than the American agency system can be classed as a loyal agency company.

"It was freely stated that it would be difficult to find a company which is not operating direct with the assured through home office, branch or other means. That is a strong indictment against some of our companies. Assuming for the moment that it is true, it appears to be infinitely the better course to give the companies that wanted an opportunity to conform to our standards than to make wholesale indictments against them. The opportunity is now theirs. It is my belief that many of them will make the most of it."

## Action Is Taken on Farm Business

(CONTINUED FROM PAGE 31)

The present Kansas valued policy law was opposed and the association legislative committee was requested to take action to secure its repeal. The efforts of National association special committee on the proposed automatic cancellation clause was endorsed and the resolutions adopted at the national convention approved.

President Rosse Case's annual report was read by Vice-president Holmes Meade. Mr. Meade paid tribute to Mr. Case and told of his association activities.

#### Praises Cooperation of Committees and Field Men

In his report President Case praised the cooperation he has received from committees and field men who have aided the association. Chairman Paul Yankey and his casualty committee were commended for their work in ironing out the furor caused by the change in automobile rates. The committee also conferred with companies' representatives and the insurance department regarding the new compensation rates.

President Case praised the farm committee in its efforts to improve the farm situation and told of the conferences with the Farm Association. He said that although farm rates have been temporarily held down on account of demoralized conditions, the loss ratio being bad this year the companies will probably have to increase rates.

New local boards have been formed in Newton and Eldorado.

#### Glimpses of Kansas Meet

It was recommended that the Kansas association in the future should hold its meetings during a week other than Fire Prevention Week.

The first meeting of the Kansas association's new executive committee has been called for Nov. 18 at Marion, Kan., the home of Rosse Case, retiring president, in his honor. It is expected that most of the other meetings of the committee will be held at Topeka, the home of Holmes Meade, the new president.

Charles E. Long, Hutchinson, was present and announced he had purchased W. P. Kinkel's interest in the Kinkel-

Long Agency, which he will now operate as the Long Agency. It was established by Mr. Kinkel in 1884. Mr. Kinkel, who has for the past 21 years been handling adjustments, will now operate the Kinkel Adjusting Agency.

Clarence T. Nyberg, Salina, was in charge of arrangements for the entertainment at the banquet Thursday evening.

Carl G. Lund, special agent for the

farm department of the America Fore in Oklahoma, made good use of his time in Kansas. In addition to addressing the Kansas agents, he appeared before a joint meeting of the Rotary and Kiwanis clubs of Ottawa, Kan.

Cheney Prouty, Jr., Kansas City, Kan., well known golfer of the local agents, again walked away with the prize and caused the golf committee a lot of extra work because his score entitled him to three prizes, when one was the limit.

## THE HOME OFFICE



## of THE PREFERRED RISK FIRE INSURANCE CO.

TOPEKA, KANSAS

A Stock Fire Insurance Company Equipped to Give Insurance Service to Kansas Agents

Clyde W. Miller, President  
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## KANSAS AGENTS

Place your Casualty business through a Kansas General Agency of many years standing. Your problems will have quicker and more sympathetic attention. Losses will be paid at once. Only the strongest financial companies represented.

## MEADE GENERAL AGENCY

UNDERWRITERS OF ALL FORMS OF CASUALTY INSURANCE

HOLMES MEADE  
LAKIN MEADE

TOPEKA, KANSAS

JOE W. HULL  
CHAS. J. SMITH

#### GREETINGS

## MILLER - STUDEBAKER AGENCY

GENERAL AGENTS

TOPEKA, KANSAS

# *and in* NEW ORLEANS

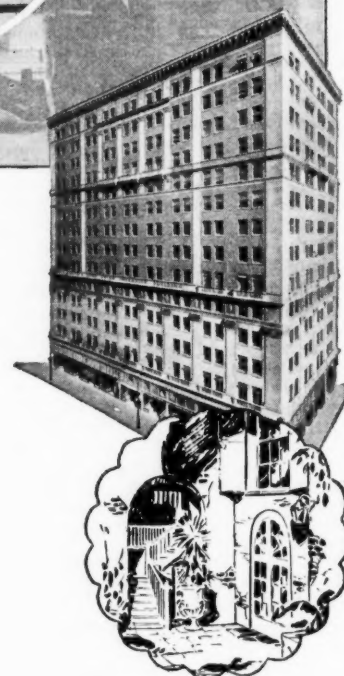


## America's Most Interesting City

Settled by the French, dominated by the Spanish, sold to the United States, chief seaport of the Confederacy, victim of Reconstruction, here the echoes of a glorious past are still audible above the busy hum of a progressively modern city.

It was in New Orleans, Second Port, U. S. A., that Union Indemnity Company was organized. The steady growth of this Company has been as romantic and interesting as the growth of the city itself. For in only a few years, Union Indemnity Company has developed until today the group which bears its name writes all kinds of insurance and is represented in every state of the Union, from Maine to California and from Canada to the Gulf. The Home Office Building, at Baronne and Gravier Streets, in the heart of the financial center of the South, is indeed a monument to the great business of insurance—the backbone of the financial structure of the nation.

When you come to New Orleans, be it business or pleasure, let this Company show you the intimate details not found in the guide books. Let us tell you the stories best known to the people who live here.



Cool shadowed courtyards; stone flagged Spanish patios; bright flowers, green trees and other evidence of eternal summer; restaurants—world famed for their cuisine; the French Quarter of a Creole city which has flourished under four governments. No other city in America offers so much and offers it so freely.

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100 MAIDEN LANE, NEW YORK



# The National Underwriter

October 20, 1932

CASUALTY AND SURETY SECTION

Page Thirty-seven

## Don't Forget Rate Increase Needed!

**C. W. Hobbs Warns Commissioners Not to Ignore Vital Compensation Issue**

### KEEP EYE ON MAIN SHOW

**National Council Representative Reviews and Criticises Complicated Developments in the Field**

In the hubbub and controversy over the various auxiliary features of the compensation program, C. W. Hobbs, in his report to the National Convention of Insurance Commissioners, importuned the convention not to lose sight of the fact that a rate increase is probably necessary for the preservation of the financial integrity of the carriers. Mr. Hobbs is special representative of the National Convention of Insurance Commissioners on the National Council on Workmen's Compensation Insurance.

"That the companies have suffered in the past three years," Mr. Hobbs declared, "that their resources have been materially reduced and that a repetition of the severe drain caused by losses on compensation during the calendar year just passed might have disastrous consequences, is, I think, obvious to every insurance commissioner."

#### Offsets Not Available

Profits are not being made on other lines of insurance, as in the past, Mr. Hobbs pointed out. Neither are there profits on security holdings and there is no reasonable ground for assuming such a turn in economic conditions, he said, as would produce either underwriting profits or a rise in security values sufficient to wipe out the margin between convention values and market values.

The loss taken on compensation is direct and without offset, he said. The loss claimants of compensation carriers are a multitude of injured employees, their families and dependents, to whom the regular continuance of weekly compensation payment is in many cases their very subsistence, the difference between maintenance and becoming charges on public charity, Mr. Hobbs pointed out. These are the ones most vitally affected. The supervising officials must protect them, he said.

#### Takes Up Objections

"The individual commissioners," Mr. Hobbs said, "may entertain diverse views as to the merits of the position taken by mutuals, stock companies and agents, and as to the amount of increase needed, but there should be no diversity of opinion on the paramount importance of preserving the financial integrity of the carriers."

After reviewing the complicated history of compensation insurance in the last few years, Mr. Hobbs took up the objections that have been made in some of the states to various features of the

## Harmony Is Lacking Between Fire and Casualty People

### CLASH WHEN AGENT BEHIND

**Competition Exists Between Two Interests in "Working Out" Agencies Which Are Delinquent**

As the necessity for "working out" agencies continues, the lack of harmony, on the whole, between fire and casualty interests becomes noticeable.

Generally speaking fire and casualty companies in an agency do not cooperate when the time comes for drastic action. There is often competition upon the part of the casualty companies to get the jump on the fire companies and vice versa. Casualty companies are usually loath to join in committee action on an agency, since there may be 20 or more fire companies represented and only one casualty company. The casualty company usually prefers to play a lone hand and, from a competitive point of view, this is often advantageous.

Because the casualty company is not bound to other companies in the agency by a balance rule, it is in a position to attempt to get its money or part of its money without consulting competitors. Accordingly, at times, when the fire insurance companies in an agency decide that a committee must be appointed, it is found that the casualty company has already collected part of what is coming to it, and perhaps has made arrangements for liquidating the balance. On the other hand, the fire companies may get the jump, if the casualty company is lax, and the casualty company may be left out of the picture.

#### Considerations Are Different

Different considerations are often involved as between fire and casualty companies. For instance, if the agency is a true general agency for the casualty company and has subagents, a plan may be worked out whereby the subagents, in the future, report direct to the casualty company and the over writing commission on their business may be credited to the balance owing to the casualty company from the general agent.

The lack of cooperation between fire and casualty companies is particularly apparent where the casualty company is an independent, not being a running mate of a fire company, but even some of those casualty companies, which are affiliated with fire companies, but do not have coordinated management at jurisdictional or branch headquarters, prefer to play a lone hand. Where an affiliated casualty company is bucking the fire companies, this is often embarrassing to the manager of the fire company and its special agents. Competitors of the fire company, with which the casualty company is affiliated, feel that the fire company should somehow bring the casualty company into line.

latest program. He pointed out that the stock companies' proposal for a graded expense loading has been attacked as discriminatory. Mr. Hobbs said he does not agree with this contention.

Rate changes, he said, which progressively diminish as different stages of

(CONTINUED ON PAGE 44)

## Industrial Insurers Holding Convention in New Orleans

### STRONG PROGRAM PRESENTED

**Stevenson, Simmons, Jennings, Munford and Estes Among Company Officials on List**

NEW ORLEANS, Oct. 19.—The Industrial Insurers Conference is holding its annual meeting here this week. President E. T. Burr, actuary of the Durham Life, opened the first business session Wednesday morning. Paul B. Habans gave the address of welcome, with the response by Otis P. Grant, vice-president and general manager Life & Casualty.

Following the president's annual address, the report of P. W. Jones, Bankers Health & Life, secretary-treasurer, and several of the committee chairmen, three formal addresses were scheduled. Harry McEnerny, New Orleans attorney, spoke on "Industrial Life Insurance"; E. B. Stevenson, vice-president National Life & Accident, on "Developing an Ordinary Department," and F. S.

(CONTINUED ON LAST PAGE)

## Bennett at Ft. Worth Hits Stand Taken by C. W. Hobbs

FORT WORTH, TEX., Oct. 19.—Secretary W. H. Bennett of the National Association of Insurance Agents came here tonight from Dallas where he was attending the insurance commissioners meeting. He was given a dinner by the Fort Worth agents. In the course of his address he criticised the position of C. W. Hobbs, commissioners' representative on the National Council on Compensation Insurance, taken in the report to the commissioners convention this week.

Mr. Hobbs held that the granting of a lower rate to those who pay premiums of a thousand dollars or more is legal and justifiable. He cited the practice of the utility companies which sell their product to large users at wholesale rates. Mr. Hobbs stated that in his opinion a commissioner has the right to stipulate what agents' commissions must be.

Mr. Bennett contended that the state is only interested in the expense ratio as a whole. The companies, he held, should consider all elements of the expense loading and not call on the agents alone to meet the demand for rate reduction. Mr. Bennett contended that the granting of a lower rate to larger premium payers is discriminatory. His position, he held, is supported by the recent opinions of the attorney general of Wisconsin and Minnesota who have passed on the application for a rate increase saying the smaller premium payers suffered discrimination. Mr. Bennett cited a decision of the Texas Supreme court to support his position. He declared it is a dangerous policy to permit the state to fix agents' commissions, which he pointed out involve right of private contract between a company and its representatives.

## New York Decision Highly Important

**Van Schaick's Position on Compensation Likely to Be Reflected Elsewhere**

### COMPANIES AWAIT UKASE

**Executives Scan Field to Determine Whether Rates Are Now High Enough to Justify Expansion**

NEW YORK, Oct. 19.—The decision of the New York department on the compensation rate increase and the graded scale of commission is being awaited anxiously by the companies, not only because of its effect in New York state, but because of the predictable effect on the compensation program nation-wide.

The companies feel that other states have their eyes on New York and may be greatly influenced by the decision in this state.

So important a key is the New York decision to the immediate future of compensation, that many companies, when questioned as to the status of the graded commission plan, for instance, are replying that the question is being held in abeyance until the position of the New York department is announced.

#### Decision Is Significant

Likewise the decision of the New York department on the rate increase is likely to determine whether the result of the rate revision nation-wide is likely to be anywhere near the 20 percent increase, which has been the objective. Some companies feel that the increase nation-wide may be no greater than 10 percent, after all states have acted. Such an increase, most officials believe, would make compensation no more attractive to companies than it was a year ago. They feel that such an increase would not offset the decline in income caused by the depressed wage scale. Even if employment should take a spurt, many observers believe that the wage scale would not increase from the present level and that even further reductions may be anticipated. About the only result that might be hoped for from increased employment, according to those of this conviction, would be a diminution of malingering.

#### Battle Is Hard

Since the attitude of the New York department is likely to have national significance, upon its decision may hinge the underwriting and agency policies of some companies. A number of conservative companies have been standing on the sidelines, refusing to expand their agency plants, for one reason, because they felt that the rates were too low. Lately, thoughtful executives have been wondering whether the battle for rate increases up and down the line throughout the country has not suc-

(CONTINUED ON LAST PAGE)

## Curb on Holdings of One Insurer by Another Urged

SUGGESTION OF S. A. OLSNESS

North Dakota Commissioner Tells Fellow Officials Dangers Exist in Interlocking System

Legislation to limit the investment of fire and casualty company assets in the stock of other fire and casualty companies was advocated by Commissioner S. A. Olsness, of North Dakota in his address on interlocking stock control at the annual meeting of the National Convention of Insurance Commissioners. Mr. Olsness is chairman of the interlocking committee, which was appointed largely because of abuses that developed in the life insurance business. He devoted most of his address to the life insurance situation.

If such legislation were enacted, Mr. Olsness said that ample time should be given those companies, whose investments might exceed the limitation, to come within the limit without undue loss through the necessity of disposing of their holdings.

### Life More Dangerous

Interlocking and holding company control in the fire and casualty business does not present as dangerous an aspect for the policyholders as do like conditions in life insurance, Mr. Olsness said. A fire or casualty policyholder may easily and quickly change his carrier without serious loss except the unearned premium unless an unpaid loss is pending.

One of the principal objections to interlocking in fire and casualty business is legal deception, he said. The subordinated company, he declared, perhaps has earned a good local reputation and after its acquirement by the new owners its policies continue to be issued in the old form under the old name and to all intents and purposes no change has occurred that can be discerned by the public, who go on placing their business in what they believe is a home company and giving it loyal support.

Some day the public, however, he said, awakens to the fact that what it thought was a home industry is only a general agency for some foreign corporation and that the premiums, which they thought were being directed locally, are sent out of their trade territory. This discovery, he said, is nearly always accompanied by dissatisfaction, discontent and distrust, and in event of the failure of the company by charges of misrepresentation.

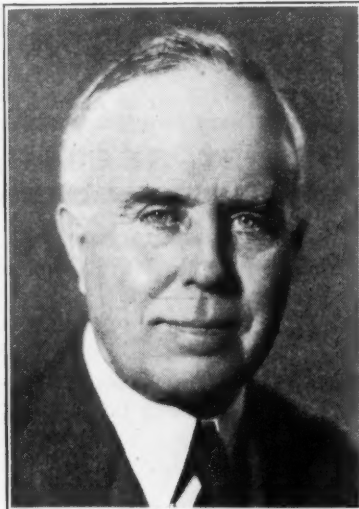
This fault, Mr. Olsness declared, could be remedied by requiring all reinsured policies to have printed plainly across their face, the name of the company in which they are reinsured or in case of one company being owned and controlled by another a statement to this effect should be contained in the heading of the policy contract.

Another objection, he said, is the danger of one company's assets being invested in the stock of another company engaged in a similar business. The weakening or failure of one is sure to weaken the other and in the case of a calamity or conflagration the whole structure is bound to crumble, he said.

### COMMENT BY J. B. THOMPSON

In discussing Commissioner Olsness' paper, Superintendent J. B. Thompson of Missouri confined himself largely to the life company situation, but touched on the fire and casualty field. Mr. Olsness said that improper holding company manipulations in the fire and casualty field are not as dangerous as in the life business, because policyholders can "run for cover" at a sign of danger. The average insured, however, according to Mr. Thompson, fails to see these danger signals. Upon suffering a heavy loss, he finds the insurer is unable to

## Speaks In Texas



E. FORREST MITCHELL

Insurance Commissioner E. Forrest Mitchell of California was one of the leading speakers this week at the annual meeting of the National Convention of Insurance Commissioners. Mr. Mitchell gave his address at Dallas. From there the commissioners journeyed on to Galveston, where they concluded their meeting.

## Dunseith and Day Advanced by New Amsterdam Casualty

NEW YORK, Oct. 19.—S. L. Dunseith and G. E. Day have been elected additional vice-presidents of the New Amsterdam Casualty, both being attached to the company's office here, the former as head of the production and underwriting departments and Mr. Day as chief of the claim division.

Mr. Dunseith has been continuously connected with the New Amsterdam Casualty since 1902, when as a boy he entered the personal accident department. Subsequently he became manager of the division, and eventually gained his present post. Mr. Day's association with casualty underwriting covers 23 years, he having entered the employ of the Frankfort Accident. After several years spent with the Otis Elevator Co., he became assistant to G. W. Pesinger, manager of the New Amsterdam Casualty's claim department, advancing to executive head of the branch, Mr. Pesinger becoming manager emeritus.

pay because possibly some holding company has finished the milking process. Receiverships and liquidations always show that many proper loss claims cannot be paid or are settled for a few cents on the dollar. "While these cases are few in proportion to the total number of policyholders," he said, "the results are serious and frequently disastrous to the unfortunate insureds who fail to run for cover."

## Insurance Commissioners Hold Colorful Gathering

(CONTINUED FROM PAGE 10)

Hobbs of the National Council on Compensation Insurance gave his report as the representative of the commissioners. There were 32 states responding at roll call.

The local Dallas committee arranged a very engrossing entertainment program. The ladies were taken to the Dallas County Club for luncheon Monday noon. All conventioners went that evening to the same club for dinners and dance and to enjoy a program of professional entertainment. Many at-

## Propose Plate Glass Rate Boost, End of 50-50 Policy

CHICAGO PLAN TO NEW YORK

Liaison Committee of Companies Gets Unanimous Recommendation of Cook County Bureau

Several important recommendations have been unanimously approved by the membership of the Cook County (Illinois) Plate Glass Insurance Bureau and transmitted to the liaison committee of companies in New York which functions between the plate glass bureau of the National Bureau of Casualty & Surety Underwriters and the Moore Bureau. The proposal is to eliminate the 50-50 policy and equity rating, and to raise rates an average of 25 percent, effective Dec. 1. The rate increase for Cook county would range from 12½ percent on smaller plates to 37½ percent on those over 50 square feet in area. George Wilkerson of the home offices of the Metropolitan Casualty and Commercial Casualty, is committee chairman.

Another important measure which is tied up closely with the others is elimination of the disparity between the two bureaus in credits permitted for so-called "zone 1" risks, or those in the well-known "hot spots" in Chicago. The National Bureau allows 20 percent credit and Moore Bureau 60 percent, this being confusing in the Cook county bureau.

### High Earned Loss Ratio

Plate glass business has been very expensive recently in Chicago, a number of companies showing loss ratios of 70 to 80 percent on an earned basis, and at least one with 96 percent. The expenses are said to average about 40 percent, putting Chicago plate glass business from 15 to 20 percent in the "red." Although little has been said about it recently, a great part of the blame is laid by underwriters to "malicious mischief."

tended the luncheon Monday given by the Dallas local agents when Secretary W. H. Bennett of the National Association of Insurance Agents and President Haid of the Insurance Executives Association spoke.

At the joint luncheon of the Kiwanis Club and Dallas chamber of commerce Tuesday, Superintendent Van Schaick of New York gave a talk.

On Tuesday afternoon all hands went to the state fair now in progress at Dallas. In the evening they were given a barbecue dinner and witnessed a rodeo exhibition.

### Went Down to the Gulf

The commissioners and their party entrained at 11:30 p. m. for Houston, where they were guests of the insurance fraternity there for breakfast at Rice hotel. At 10 a. m. the conventioners left for Galveston and spent the afternoon on the U. S. battleship "Saranac" on the Gulf of Mexico. In the evening there was a dinner dance. The American National Life of Galveston was host at a lunch Thursday noon. Some of the visitors left for San Antonio, where they are to spend Friday. Others will tarry at New Orleans for a day or two en route home.

### Canada Is Represented

Canada is represented at the meeting by Insurance Superintendents R. Leighton Foster of Ontario and B. A. Dugal of Quebec; Vice-President Cecil C. Moore of the Imperial Life of Toronto, who is president of the Canadian Life Officers Association; Vice-President C. S. V. Branch of the Sun Life of Montreal.

A quartet of Dallas insurance men, Alfonso Johnson, secretary Dallas Insurance Agents Exchange; T. R. Mans-

## Another Solution to Taxi Insurance Problem Launched

NEW ORLEANS, Oct. 19.—A "dollar-a-day premium" liability insurance plan devised by the Automobile Owners Association of this city may be the means of keeping the 700 or more independent taxicabs of New Orleans on the streets after the new taxi regulating ordinance becomes effective Nov. 1, it was learned when the association filed sample policy with the commission council.

Under the terms of the ordinance, operators of single cars must either post bond or take out liability insurance for \$11,000. From two to five cars, the owners must post \$11,000, with \$750 additional property damage on each car over one. The amount grows less as the number of cars owned increase.

### Rates Prohibitive

Less than 5 percent of the independents are in a position to post bonds. The bonding companies are demanding 100 percent liquid collateral and imposing certain other conditions which make it impossible for the independents to conform to the ordinance in this respect. The published manual rate on liability insurance for taxicabs where the policy is worth \$11,000, is \$435 a year. It is understood that no insurance company in New Orleans, with the exception of the Automobile Owners Association, is willing to write this business at that rate. Under the "dollar-a-day" plan, the taxi owner gets a \$10,000 public liability policy on the day he pays the company \$8 in cash. The policies remain in effect only as long as the \$1 per day premiums are paid. The policies can be canceled at will by either party, after giving 30 days' notice to the commission council. Fully 80 percent of the independent operators have pledged themselves to this policy with this company, the association officials said. The association is located at 201 Decatur street, this city. Officers are: Edgar E. Naccari, president; Lee M. Wilson, secretary, and Gustave G. Jacquet, treasurer.

field, manager Gulf Insurance Co.; E. G. Brown, actuary Southwestern Life, and Vice-President B. H. Mitchell, Texas Security Life, met the special train from St. Louis at Denison, Tex., just beyond the Oklahoma border. All on board were registered and furnished programs and admission tickets to the various events. At the Dallas station a large local committee welcomed the guests.

At the dinner three young Dallas athletes who won distinction and prizes at the Olympic Games were presented—Babe Didrickson, the famous javelin thrower; Roland Wolfe, tumbler, and Gus Moreland, crack golf player.

### Dinner in St. Louis

The St. Louis insurance companies entertained the commissioners' delegation at a dinner Saturday evening at the Park Plaza. The eastern contingent arrived early in the afternoon and were taken on a sight seeing trip. Many played golf. The Chicago train arriving in the evening was met by St. Louis company officials and escorted to the hotel. Commissioner J. B. Thompson of Missouri presided at the opening of the dinner.

The St. Louis company officials were out in full force and sponsored the entertainment. W. T. Nardin, president of the Missouri State Life, acted as master of ceremonies. Commissioner Livingston of Michigan, president of the National Convention of Insurance Commissioners, Col. H. P. Dunham of Connecticut, Superintendent of Insurance R. Leighton Foster of Ontario, Manager Byron K. Elliott of the American Life Convention, spoke briefly. The train left for Dallas at 10 o'clock.



## Loyalty of Agents Is Principal Need

Manager Jones of Casualty Executives Organization Speaks at Missouri Insurance Day

### FIELD SUPPORT IS VITAL

Coordination of All Departments and Cooperation in Public Relations Work Now Essential

Active and loyal cooperation of casualty agents in maintaining stability and preserving the integrity of casualty insurance as a privately conducted enterprise and in serving as a point of actual contact in public relations work is sorely needed, F. Robertson Jones, general manager of the Association of Casualty and Surety Executives, stated in his talk at Missouri Insurance Day in Jefferson City, Mo.

He said that there are many ills in this business today but the chief difficulty is that casualty-surety companies lack defenders in the field. Some agents, he said, instead of defending companies' proposals for increased rates and trying to educate insurance buyers to the absolute necessity of such action in this crisis, often protest, even carrying their protests to public officials, on the ground of sales resistance. He said that it ought to be obvious that companies cannot go on forever paying out more than they receive for policies which agents sell. The exhibit of underwriting losses of stock casualty and surety companies in the last few years is a doleful one. The efforts to obtain vital additional income have not been so successful as companies had hoped, this particularly applying to workmen's compensation.

### Depression Brings Problems

Mr. Jones said casualty and surety suffers from the ailment which bothers the whole world—economic, political and social indigestion. There has been an intentional abuse of the workmen's compensation principle probably growing out of the economic depression, there being many fraudulent or exaggerated claims, unfair, unreasonable and illogical rulings and decisions of commissions, boards, juries and even courts. Automobile liability insurance is being employed for ulterior purposes, claims being made and allowed beyond the bounds of logic or equity in order to relieve economic distress due to other causes.

The business also is suffering from growing pains. He said it is something in the position of the boy who grew so fast that he burst the seams of his trousers. It has not been possible to adjust the machinery to the swift and unprecedented growth. As a direct result of this, he says, there is a lack of coordination of the organic functions of the business, the outstanding example being public relations.

Although the great need is to demonstrate to the public it is being well served at a cost consistent with company solvency and just practices, in a measure the business has failed to marshal all departments to attain this end. Enormous sums have been lost in writing workmen's compensation, certain surety lines and automobile liability, yet the public has not been prepared to meet rate proposals sympathetically.

Mr. Jones said that something evidently is wrong with procedure. The business has failed to practice what it preaches, to insure itself against the forces which assail it. Various departments of the business must become public relations-conscious. There has not

## To Be President



W. O. SCHILLING

W. O. Schilling, manager of the United States Fidelity & Guaranty Chicago branch office, is nominated for president of the Chicago Surety Underwriters Association. He went from the home office and has been an active force, both in the casualty and surety field in Chicago.

The annual meeting of the Surety Association of Chicago will be held the evening of Nov. 15. In addition to the slate already recommended by the nominating committee, two additional men are recommended for membership on the executive committee. They are Mr. Schilling and Elmer C. Anderson of the American Employers, who is the nominee for vice-president.

## Outcome of Michigan Case Is Being Closely Watched

Surety underwriters are watching closely the outcome of a test case in Michigan courts, the first of its kind regarding the constitutionality of a law authorizing the placing of collateral in other banks by banks holding state deposits, to protect these funds. There have been several instances of late in which receivers of banks that have failed have called upon the third party bank to return the collateral thus placed in escrow. As a means of enabling banks to secure depository bonds protecting public funds, a number of states within the past months authorized institutions to place the amount of collateral called for by surety companies with other institutions, an arrangement satisfactory to underwriters and under which the required bonds were freely written.

### Joyce Starts Movement

Representatives of the National Surety have been urged by Chairman W. B. Joyce to "Buy for Prosperity," and to use their influence with others to the same end, with the object of creating avenues of employment for thousands now unemployed.

### New Texas Auto Manuals

New manuals for automobile fire and theft insurance, and for the various divisions of casualty motor coverages became effective in Texas Oct. 17 with the approval of the state insurance commission.

been proper cooperation between companies as regards all underwriting problems, between companies and agents, between bureaus and between all phases and departments of the business.

## Independence Held Liable in Controversy on Coast

### MULLIN-ACTON CASE DECIDED

Court Holds Failed General Agency Authorized to Rewrite American Indemnity Policies

SAN FRANCISCO, Oct. 19.—The two suits arising out of the failure of the general agency firm of Mullin-Acton Company last January, between the American Indemnity and the Independence Indemnity, have been decided in favor of the former, the Independence being held liable for some 3,000 or 3,500 policies issued by the Mullin-Acton Company as general agent, as substitutes for an equal number of American Indemnity policies. These policies were issued between the middle of November and the time of the failure.

The rewriting was the result of a request from the American Indemnity to the Mullin-Acton Company to take some action to reduce the heavy liability created by a large volume of business in excess of that which the American desired to have in the state. The change was slow and Mullin-Acton sought another company.

### Rewriting Carried Forward

In November a deal was made whereby Mullin-Acton would become general agents for the Independence Indemnity. According to testimony in the suits, the general agency informed the Independence that it planned to rewrite all American Indemnity policies with short term Independence policies. In December the general agency contract was consummated and the work of rewriting proceeded. Mullin-Acton Company issued cover notes to the American Indemnity as notification of what policies had been canceled by the issuance of new policies in the Independence.

When the general agency went into the hands of a receiver early in 1932, the Independence questioned the authority and the propriety of the deal with Mullin-Acton and as claims were received they were referred to the American Indemnity and agents were notified that the Independence Indemnity policies were not in effect.

### Two Suits Are Filed

As a result of this confusion and controversy the American Indemnity requested an opinion from the superior court of San Francisco as to which company was liable. The Independence then filed against the American Indemnity, making specific charges and also allegations of fraud between the American Indemnity and the Mullin-Acton firm.

The court held that the Mullin-Acton firm was fully authorized to issue policies; that the Independence policies canceled the American Indemnity policies; that the Independence was paid the premiums under California law; that no fraud was shown and that the Independence Indemnity was and is still liable for the policies issued by Mullin-Acton.

## New York Superintendent's Report on Equitable C. & S.

NEW YORK, Oct. 19.—In a report filed with the supreme court, Superintendent Van Schaick, as liquidator for the Equitable Casualty & Surety, which was taken over Dec. 31, 1930, stated that claims aggregating \$8,830,612 had been disallowed, these being listed as: Omnibus claims for personal injury and property damage, \$4,820,100; automobile policies for personal injuries, property damage and collisions, \$1,435,910; miscellaneous casualty claims, \$409,437; civil surety bonds, \$2,079,210; services rendered and merchandise accounts, \$67,955. Over 21,000 claims totaling more than \$50,000,000 have been filed. No mention is made as to assets.

## Justification Seen in Policy Reform

Worse Results in Personal Accident Insurance Would Have Occurred Without Change

### NON-SIGNERS INTERESTED

Suicide Losses Present Problem But Appear to Be Waning—Gain in 1932 Improbable

NEW YORK, Oct. 19.—In the more than seven months that have elapsed since the adoption by 30 important companies of the program of the Bureau of Personal Accident & Health Underwriters standardizing certain policy clauses and the adoption of a standard classification manual, among other features, sufficient time has been afforded to have demonstrated the wisdom of the movement to those participating in it.

### Interest Is Shown

While no additional offices have agreed to the plan, a number have indicated their interest and intimated they may support it later. Though failing to accept all features of the bureau program, several companies have adopted it in part, and confidence is expressed that this will prove the forerunner of their complete endorsement within the near future.

### Need Was Self-Evident

The need for drastic reform in writing personal accident and health business was made evident to company officials through the unfavorable record and the inevitable conclusion that marked changes in methods and a closer cooperation among all companies were essential if the business was to be placed on a profitable basis.

Owing to the prevailing depression in business circles it is regarded as improbable that any particular improvement in the loss ratio will be shown by the companies for 1932, though it is unquestionably true that had it not been for the acceptance of the new program March 1, the record for the year would have been more unfavorable than it is likely to be.

### Suicide Losses

Virtually all companies suffered from suicide losses within the past 12 months to a greater degree than under normal times. The consensus, however, is that claims of this character have passed the peak and that for the remaining three months there should be a steady recession in the number of such claims.

### F. & D. Managerial Changes

The Fidelity & Deposit announces the resignation of George S. Guy, for several years co-manager with Arthur M. Cannon in Richmond, Va., and the appointment of Fred C. Robertson, formerly branch manager at Hartford, as manager in charge of the Richmond office. Mr. Cannon has been appointed resident vice-president in Richmond.

Mr. Robertson served the F. & D. as assistant manager at Indianapolis, manager there and later as manager at Omaha. In 1930 Mr. Robertson joined the United States Casualty as assistant manager of its surety department at the home office, from which post he resigned a few months later to become manager of the F. & D.'s newly opened branch in Hartford.

## NEWS OF THE COMPANIES

### Capital Will Be Increased

#### Move by Insurance Securities Will Add to Union Indemnity Capital Structure

Capital structure of the Union Indemnity is to be increased, as the result of the action of the Insurance Securities Company of New Orleans voting to increase outstanding capital stock of that company, which controls the Union Indemnity. The outstanding capital stock of Insurance Securities will be increased by the issuance of \$2,000,000 par value of preferred stock. Shareholders of Insurance Securities may subscribe for the new stock in proportion to their present holdings and such stock as may not be taken by the other shareholders. The proceeds resulting from the increased capitalization will be used to increase the capital structure of the Union Indemnity.

A special stockholders meeting of the Insurance Securities Company has been called for about Nov. 3 to ratify the proposal.

### Southern Surety's Michigan Receivership Is Unsettled

LANSING, MICH., Oct. 19.—The long-continued jurisdictional controversy as regards the Michigan receivership for the Southern Surety is apparently not yet settled judging by the state supreme court's action during the past week in denying a motion for dismissal of an appeal from the refusal of Judge Leland W. Carr to vacate his order appointing as receiver Ralph M.

Wade, second deputy commissioner of insurance.

A single Detroit creditor went into Wayne circuit court directly after the New York receivership for the Southern Surety was ordered, asking that a Michigan receiver be named. The court appointed in rapid succession two receivers, the second of which was a Detroit trust company. When theingham court named Mr. Wade as receiver at behest of Commissioner Livingston, William H. Gallagher, Detroit, counsel for the insistent claimant, contested the action and finally appealed to supreme court where Clark Coulter, counsel for the Lansing receiver, filed the unsuccessful dismissal motion. Review of the circumstances now must follow. The department has been anxious to have the Michigan assets of the company administered for the benefit of all claimants without preference to one or more. Mr. Wade has already made much progress toward allocating the assets and listing claims.

### Will Write Credit Insurance

The Guaranty & Indemnity of Baltimore, which has been licensed, is to write credit insurance. The same interests which control it control the Guaranty Indemnity of Wilmington, Del.

### Home from Coast

Armstrong Crawford, executive vice-president, and E. J. Stoddard, general attorney for the Central West Casualty in charge of claims, have returned from a three weeks visit to the Pacific Coast. The Central West transacts considerable business in California. It operates less extensively in Washington. While

on the coast, the two officials arranged for the opening of a claims office in Los Angeles under Arthur L. Shaw and in San Francisco under E. H. Martinelli.

### Pacific States Gets Another

The Beacon Mutual Casualty of Chicago, which was organized about a year ago to write eyesight insurance, has been reinsured in the Pacific States Life of Hollywood. T. L. Kopelman, who operated the Beacon Mutual, states that about 1,200 eyesight policies were sold. The premium was \$2 the first year and \$1 a year thereafter.

### Rosemund Assistant Treasurer

A. J. Rosemund, who has been with the Bankers Indemnity of Newark for some time, has been made assistant treasurer.

### Harvey with Continental

R. S. Harvey, formerly with the Century Indemnity Co. in Chicago, has joined the Continental Casualty as executive special agent. He traveled for the Century in Wisconsin, Illinois, Minnesota and northern Michigan. He was a special agent in Wisconsin for the Indemnity of North America from 1926 to 1929.

### Expect North Dakota Increase

BISMARCK, N. D., Oct. 19.—Compensation rates are due for an upward swing next July if the industrial accident record of the past three months is continued, R. E. Wenzel, chairman of the workmen's compensation bureau, declares.

Premium receipts the first nine months of the year were \$153,000 below the 1931 figure, while the cost of accidents has decreased only \$30,000, Mr. Wenzel said.

The Madison Insurance Company of Madison, Ind., has been licensed in Illinois to write automobile.

### Nation-wide Campaign to End Fake Claims Succeeds

Nation-wide efforts to stamp out fraudulent claims and to arrest and prosecute persons who prey on casualty companies have been highly successful in the last few weeks. There were 22 arrested in Portland, Ore. in a round-up and six in Bridgeport, Conn.

There have been 76 persons arrested in a drive throughout the country outside of Massachusetts, where a special investigation has been under way for almost a year. Included in these were 27 arrests at Rochester, N. Y., in a case involving more than \$50,000 fraudulent claims; three persons in Buffalo, two of whom if convicted may receive life imprisonment under the New York Baumes law as fourth offenders; three in Albany, 11 in Detroit and three in Syracuse. A private detective was arrested in Hudson county, N. J., and sentenced to 90 days in jail for attempting to solicit business for an attorney at the scene of an accident. The arrest was based on the state statute against ambulance chasing.

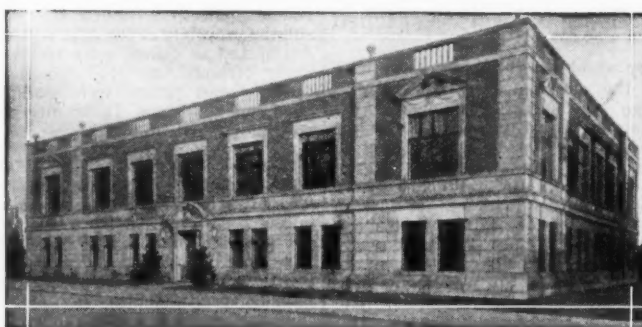
The claim activities of 2,500 persons are being investigated in Massachusetts. Six attorneys have been disbarred, four others suspended and six recommended for disbarment. There have been 29 persons arrested for defrauding carriers, eight convicted and sentenced, six acquitted, and 15 cases are pending.

### Daly in Michigan Field

W. J. Daly, former assistant manager of the Home Indemnity in Detroit, has been appointed special agent for the Ocean Accident and Columbia Casualty for Michigan exclusive of Wayne county, with headquarters in Jackson. He was with the Home Indemnity 18 months and prior to that was with the United States Fidelity & Guaranty in Detroit for six years.

Assets

**\$3,082,051.87**



HOME OFFICE BUILDING :: HAMILTON, OHIO

Surplus to Policyholders

**\$917,168.22**

# THE OHIO CASUALTY

## INSURANCE COMPANY

### HAMILTON, OHIO

FULL COVER AUTOMOBILE — LIABILITY — PLATEGLASS —  
BURGLARY — FIDELITY AND SURETY BONDS  
AUTOMOBILE ACCIDENT



# **North Star Insurance Company**

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AND  
ALLIED  
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## FIDELITY AND SURETY NEWS

### Debate Public Official Bond

**Surety Association Committee Considers in New York Appeal to Sanction Withdrawing Schedule Form**

NEW YORK, Oct. 19.—Members of the public official bond committee of the Surety Association of America, now in session here, will decide whether appeal will be made to the executive committee to sanction withdrawal of use of the schedule position bond, as applied to public officials. Their position is that liability under this form is materially greater than under the same type of contract issued banking and mercantile institutions.

As appointees for posts in public offices are in the main selected upon political grounds rather than any particular fitness for the posts, underwriters much prefer an opportunity to scrutinize each individual applicant, rather than to grant indemnity under a schedule position form.

There also will be discussion of the

Indiana law which becomes operative Jan. 1, which will relieve public officials of liability for loss of funds in their care, providing these are deposited in institutions designated by the committee or state officer having such authority. Enactment of the statute, which may be classed as emergency legislation, grew out of the great difficulty experienced by many public officials in getting adequate corporate indemnity by virtue of the numerous bank failures in the state, and the resultant unwillingness of underwriters to grant coverage upon funds held in others.

Laws of like character and for the same reason, were passed in several other states. Public official bonds in Arkansas, and those issued to sheriffs and tax collectors in West Virginia, also will be considered.

### Salvages Are Gratifying

NEW YORK, Oct. 19.—Surety company officials are gratified over the continuing salvages had under depository bond covers, loans from the Reconstruc-

tion Finance Corporation having enabled a number of banks that were forced to close their doors months ago to resume business. In the great majority of cases, of course, the refunds to surety offices because of claims paid under public funds accounts are on a percentage basis, but confidence is felt that in many instances the losses will eventually be paid practically, if not completely, in full. The great majority of banks now in operation are being conducted upon a conservative basis, and failures are greatly reduced, justifying a more liberal acceptance of depository bond applications.

### Serious Ruling for Sureties on City Treasurers' Bonds

LANSING, Oct. 19.—Sureties of city treasurers are threatened by a ruling of the Michigan supreme court in refusing to dismiss an action brought by the Lansing board of education against the city. The school board had started suit for \$30,000 claimed to be due in uncollected personal taxes over the period from 1927 to 1930 inclusive. The city attorney moved for dismissal. The supreme court upholds a refusal to dismiss.

The ground for the suit seemed to be the failure of the city to exercise the

legal machinery for enforcing payment of taxes. In some instances failure to press a collection was due to the adverse effect on the taxpayer of enforced payment. Companies which were furnishing employment but were not in a financial position to pay personal taxes were allowed to continue operation instead of being sold out. The treasurer's bond is a performance bond and not merely a fidelity cover on the money actually coming into his hands.

In the Lansing case the treasurer may have been relieved by the action of the city council in employing a deputy city treasurer to take over the work of collecting delinquent personal taxes. This of course would also relieve the surety, the Michigan Surety. The principle, however, applies to all cities and it may be a serious one for surety companies in general.

### Holdup Loss Is Settled

The cash loss in the recent holdup of the First State Bank of Holland, Mich., has been settled by the United States Fidelity & Guaranty for \$47,164. The total loss was appraised at \$73,164, including \$26,000 face value of bonds. All of the bonds are being replaced, but most of them are said to be unlisted and not negotiable.

### Residence Burglary Losses Up

Out-of-season residence burglary losses are occurring in abnormal numbers today, according to a number of burglary underwriters. Usually residence burglary losses are confined pretty largely to the summer time, when homes are unoccupied. But thieves apparently are taking advantage of Indian summer. The increase in this class of crime is not great enough to affect the business seriously, but residence burglary insurance is not as sweet a line as it has been.

At the same time the volume of residence burglary premiums is declining. Many householders are continuing to cancel this coverage and others, who have expensive establishments, instead of carrying blanket coverage, are buying insurance to cover specific articles, thus cutting down the cost.

### Mutual Associations to Meet

The National Association of Mutual Casualty Companies and National Association of Automotive Mutual Insurance Companies will hold their annual meetings at White Sulphur Springs, W. Va., Nov. 2-4. These two organizations are functioning without presidents. S. S. Brewer, president Interboro Mutual of New York, was president of the Casualty Association but he died a few weeks ago. H. J. Hagge of the Employers Mutual of Wausau, Wis., is vice-president. C. A. L. Purmort of Van Wert, O., was president of the automotive body but he retired from the Purmort mutuals. O. B. Augspurger of the Merchants Mutual Casualty of Buffalo is vice-president.

### Kill Alabama Guest Bill

BIRMINGHAM, ALA., Oct. 19.—The Alabama legislature has killed a bill to relieve autoists of responsibility for injuries to guests riding in their automobiles. Senator Mullins, author of the measure, pointed out the increase in automobile liability rates and urged its passage to protect the public from higher rates and insurance companies from "friendly" suits.

A law which its proponents claim will cut down automobile accidents on the highways has been enacted by the legislature placing a maximum weight on trucks of 20,000 pounds and also limiting the height, width and length with and without trailers. A speed limit of 20 miles an hour within a city and 30 miles outside was imposed.

The Farmers Auto Insurance Exchange, Los Angeles reciprocal, has been licensed in Nebraska.

# S P E E D



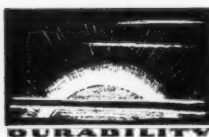
New speed, improved service invariably win public claim.

Modern people value speed, service, efficiency always, even from institutions with which they do business.

Ability to answer public demand, to give service in accord with the wishes of the most critical, is evidence of Continental DURABILITY.

## CONTINENTAL CASUALTY ASSURANCE COMPANIES

CHICAGO



ILLINOIS



## PERSONALS

**C. W. Linfonte**, New Jersey claim manager for the American Casualty, has been elected finance officer of Newark Post 10 of the American Legion. He is a former president of the New Jersey Casualty & Utilities Claim Men's Protection Association.

**Mrs. H. B. Bale**, wife of the branch office manager of the Standard Accident in Chicago, better known to accident and health people as Miss Paula Dilg, has returned to the Standard's Chicago office temporarily in connection with a drive to increase accident and health production. She was manager of the accident and health department of that office for 11 years, from the time when the branch office was established until her marriage to Mr. Bale about six and a half years ago.

**George J. Greiser**, adjuster for the Travelers in Cleveland, was honored by his associates in the branch in recognition of his completion of 30 years' service with the company. As guest of honor at a luncheon given by the Travelers Club of Cleveland, he was feted by 25 fellow insurance men.

**Edwin A. Jones**, for many years legal vice-president of the Fidelity & Casualty and former president of the International Association of Insurance Counsel, now a member of the law firm of Katz & Sommerich in New York City, has been critically ill at his New York home for many weeks. Latest reports indicate that he is somewhat better, able to read and listen to his radio and enjoying letters from his many friends who seek to relieve the tedium of his convalescence.

**Harry H. Fuller** of Chicago, assistant manager of the Zurich, and Special Agent **J. P. Miller** are attending the insurance commissioners' meeting in Texas this week. Mr. Miller has charge of the southern field.

**Harold R. Gordon**, executive secretary Health & Accident Underwriters' Conference, left Chicago Saturday for Dallas to attend the annual meeting of the National Convention of Insurance Commissioners. He will go on from Texas to Los Angeles, where he is to be a speaker at the sales congress arranged by the Accident & Health Managers Club of that city.

**C. E. Dalrymple**, western superintendent of agents for the Central West Casualty with headquarters in Chicago, is recovering in St. Francis hospital, Freeport, Ill., from injuries suffered in an automobile accident near that city. His legs were badly lacerated and he was bruised.

**Charles F. Williams**, president of the Western & Southern Life, and **W. C. Safford**, vice-president of the Western & Southern Fire and Indemnity companies, are in Texas attending the annual convention of commissioners.

### Would Halt Auto Association

MADISON, WIS., Oct. 19.—Action to restrain the North American Automobile Association, Milwaukee, from continuing its operation in Wisconsin has been requested of the attorney general by Commissioner Mortensen.

The association offers contract memberships at a "special offer" of \$29.50 for two years. The practice is to collect \$10 or \$15 with the application, which amount is retained in whole or in part by the solicitor as his commission. Mr. Mortensen's investigation shows. The usual representation made by the solicitor is that the "service contract" gives full automobile liability and property damage insurance protection.

## Paul Haid Calls Agents to Arms

(CONTINUED FROM PAGE 3)

hoped the National association would make a survey of the local boards in larger cities, ascertain the one that is most successful and then broadcast its setup.

Mr. Bennett spoke of the workmen's compensation situation. The companies have lost \$100,000,000 on the class in eight or nine years. He commended companies for transferring some \$150,000,000 from capital to surplus to give contracts greater solidity. No obligation has been forfeited.

### W. H. Bennett's Talk

Mr. Bennett referred to the increasing burden of taxation as most ominous. The country, he opined, is headed toward bankruptcy unless the movement is halted. The administration of affairs, he feels, must get back to the people, where it belongs.

The commissioners, he thinks, believe something should be done as to compensation but there is disagreement as to whether it is discriminatory to allow the big premium payer a better deal than the one with a premium of less than

\$1,000. Companies, he urged, must recognize the necessity of putting into effect economies but the expense ratio as a whole should be studied and they should not call on agents alone to make the sacrifice. Mr. Bennett stated companies cannot get high grade agents unless the latter are able to make a fair return on their work. He does not believe forthright companies desire to reduce the earning power of good agents.

### Hits Branch Office System

Mr. Bennett asserted there is sinister competition growing up between branch offices and regular agents. The casualty acquisition cost rules, when proposed, he thinks were correct because they sought to put all on the same plane. New companies came into the field resulting in sharp competition for business and agents resulting in demoralization, and a breaking down of rules. The branch office, he said, pays solicitors and brokers the same commission as regular agents and they have no office expense. This gives the branch office a decided advantage.

Mr. Bennett said the National association has not delayed considering the branch office system. He predicted that something tangible would eventuate and said he had faith, greater than ever,

that something satisfactory would be reached.

The National association, he held, does not desire to speak for other than sound, forthright agents.

If the companies of quality will work with agents of quality, great benefit will ensue. He predicts that within the next three years there will come a well defined line of action and a new alignment of companies and agents.

President J. S. Phillips of the Great American Indemnity, and Commissioner Tarver of Texas spoke briefly.

### Illegal Operation No Bar

The South Dakota supreme court, in *Hipp vs. Prudential Casualty & Surety*, has held that operation of a bus line without authority and use of a car not covered in the liability policy do not prevent recovery against the insurer when the policy provides that the rights of injured parties shall be governed by a statute requiring the filing of a bond or policy covering the operation of each vehicle operated by the motor carrier.

The court held that the illegal operation of a bus line was immaterial. There was no provision of law or condition in the policy that the insurance would not be effective until approved by the board of railroad commissioners.

## 5 points found in Illinois National policies that meet the demands of today for automobile protection.

1. COVERAGE that protects when needed.
2. SERVICE nation-wide when and where needed.
3. PROTECTION, dependable, ample and secure with reinsurance treaties in companies with over twelve millions in assets.
4. RATES—low and consistent with requirements and needs.
5. RESULTS—for agents: reflected with 80 to 90% renewals and increased volume.

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SPECIALISTS IN AUTOMOBILE INSURANCE

## Don't Forget Rate Increase Needed!

(CONTINUED FROM PAGE 37)

quantity are reached are common in public utility fields, and since the same scale is applied to all consumers, and the same charge made for like consumption, it is not discriminatory. Likewise, he declared, rate differentials to meet competition have been sanctioned for public utilities, provided they go no further than meeting competition. The state has certain rights to regulate the commissions paid agents in the interest of economy and saving to policyholders, Mr. Hobbs said. It may be that the problem of graded commissions may be to some extent controlled by legislation, but lacking such legislation, he said, neither that nor the graded expense loading appear obnoxious in the light of the anti-discrimination law.

### Discrimination Not Serious

Mr. Hobbs pointed out that the application of the rates to non-regulated states in advance of application to regulated states has been attacked. In point of time, he said, the discrimination is not serious and in normal rating procedure rate changes are never made simultaneously but distributed throughout the year.

He recalled the protest against application of rates to outstanding policies—a feature which is now eliminated.

The necessity for an increase and the amount of the increase have been less openly criticised than these other points, he said. Mr. Hobbs asserted that the increase requested by the stock carriers is needed for the business as a whole and by the stock companies particularly. The loss ratio of the non-stock carriers has been lower than that of the stock and the expense loading inserted by them is greater than their actual expense requirement.

### Doubts Prosperity's Arrival

The use of dual sets of rates, he said, raises an interesting question as to the non-stock expense loading. Probably, he declared, in view of the dividend policy of the non-stock carriers, it is not necessary to adjust the non-stock expense loading with particular care. If litigation should ensue, it might be necessary for the non-stock carriers, he said, to prove that the existing rates were inadequate as to actual expense requirements.

The argument has been heard, he said, that since the determination was made, economic conditions have bettered, but

Mr. Hobbs cited figures to indicate that there may be doubt that prosperity has arrived.

For a long time, according to Mr. Hobbs, the present rating system automatically brought the main part of the small risks to the stock companies and placed them at a big handicap in competition for the larger risks. The stock carriers' attempts to change the rating structure have been carried on for many years and the opposition of the nonstock carriers, he said, has created some lively situations. The interest of the stock carriers is to obtain changes which will permit them to compete on equal terms for all classes of business and it is equally in the interest of nonstock carriers to prevent it. However, he declared, it is more than a competitive issue so far as stock carriers are concerned. Their compensation experience has been disastrous for ten years and he said that the distribution of business by size of risk is probably the chief cause. The more rates are increased, he pointed out, the greater becomes the stock carriers' handicap in competition for the large risk, the more faulty their distribution and the worse their experience. This explains, he said, why the stock companies flirted with the retrospective rating plan, which "looks perilously like a form of participating insurance."

### Agent-Company Row

As to the issue between the stock carriers and their agents, he pointed out that it is similar to the issue that arose when the companies decided to meet the competition of the factory mutuals. The results attained by the fire companies in meeting competition of the factory mutuals must be attained in compensation in some way or other, he said, unless the stock carriers are prepared to confine themselves to a small risk business exclusively.

Mr. Hobbs expressed the belief that each type of carrier has its important functions and that the establishment of a satisfactory modus vivendi between the stock and nonstock interests is desirable. He declined to state whether it is desirable to permit the parties to fight it out or whether the commissioners should intervene. Intervention, he said, is usually desirable only in the event the parties are content to submit to arbitration or in the event that their quarrels are detrimental to the public interest.

Mr. Hobbs devoted attention to the occupational disease hazard. In some states, he said, occupational diseases have been ruled within the compensation law while in others they are brought explicitly within the law, either generally or as to specific types of disease.

In others occupational diseases are not within the law except as to those that develop as the result of accident. In the latter states there is the possible remedy at law, by way of an action for damages, he pointed out.

In the last few years the remedy at law has developed into a very acute actuality, he said. One carrier on a silica grinding risk was called on to defend a number of suits under the liability clause. The result was that the carrier canceled its policy and the industry was closed, not being able to get insurance.

### Cost Is Rising

There has been an exploration into the possibilities of occupational disease fields and this has produced an increase in the number of claims. Since the cost is increasing, he pointed out, only a part of it is reflected in the experience on which pure premiums and loss ratios are based. A general increase in rates on account of this factor tends to spread the burden over all industries rather than on those which really produce the increase, he pointed out. It seems necessary, he said, to adopt a special method for rating the occupational disease hazard. A committee had already undertaken consideration of the problem before the nonstock program was announced, he said. That committee has made its report, but the matter is now in the hands of a second committee, which has not completed its work. A proposal was made to develop a system of weights representing the relative importance of the occupational disease hazard in the several classifications. It was proposed to insert into the rates on all classifications a loading of 1 cent to each manual rate and to insert a further loading in proportion to the weight. The plan had to be varied as between states in consideration of the three types of law—occupational disease as wholly within the law, occupational disease hazard only partly within the law and occupational disease outside the law. The object sought, he said, is entirely proper.

Mr. Hobbs gave consideration to test audits. The National Council, he said, has already adopted a system of test audits. The nonstock carriers proposed an enlargement of the system and its extension into independent rating bureaus. An investigation, he said, showed that failure to make proper audit was common even in regulated states. However, tests are usually made where there are signs of improper payroll audits and so the findings, as a result of the test, may exaggerate the extent of the evil, he said. Where tests were made on risks selected at random, the number

was not so great.

Most improper audits are localized as to specific companies and specific agencies, he said. The probability is that it does not exert a pronounced effect upon loss ratios, he declared.

### BASING PRICES ON VOLUME

O. A. Mather, writing last Sunday in the Chicago "Tribune" as "Scrutator" made the observation that, although practically every industry has adopted the principle of basing prices on volume the railroads have been laggard in applying this principle. This comment is interesting in view of the proposal of casualty companies to allow a rebate for volume. In making the proposal, the insurance companies have cited the example of utilities.

"Scrutator" mentions that producers of raw material, particularly in the present depression, are making unusually low prices to large buyers in order to encourage buying, stimulate production and bring about recovery. Even publicly owned utilities, according to "Scrutator," subscribe to the principle by making gradations in rates for electricity, gas and water, according to quantities used.

Industry, the writer points out, has recognized that it is the large buyers who do most to justify the cost of plants, equipment and operation. The large buyers furnish an assured volume of business that means steady employment on the most economical basis. And it is their large buying, the writer says, that enables the small or occasional buyer to obtain lower prices than even he otherwise would be able to get.

### Revive Chicago Project

At the insistence of James A. Beha, general manager of the National Bureau of Casualty & Surety Underwriters, W. Herbert Stewart of Chicago is preparing to suggest the framework of some sort of a casualty organization in Chicago, which will be suitable to general agents and companies. Mr. Stewart is chairman of a committee of general agents and branch managers in Chicago, which has been interested in launching a reform organization. Some time ago a Chicago casualty acquisition cost control was proposed, but differences of opinion between general agents and branch managers caused it to be tabled. Now an attempt will be made to launch an organization, which will avoid points of difference.

Directors of the Fidelity & Deposit have declared a quarterly dividend of \$1 a share.

# INDIANA INSURANCE COMPANY

A STOCK COMPANY CHARTERED 1851—OPERATING ONLY IN INDIANA

Capital, Surplus and Reserves for Protection of Policyholders over \$700,000.00

### Writing

**AUTOMOBILE**  
All Lines in One Policy

**FIRE and WINDSTORM**  
Combined coverage, equal or unequal amounts, in one policy.  
Excellent reinsurance facilities

**PLATE GLASS**  
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## ACCIDENT AND HEALTH FIELD

### Forum Is Congress Feature

**Notable Program Planned by Accident & Health Insurance Club of Chicago for Session Nov. 16**

One of the interesting features of the Accident and Health Sales Congress to be staged by the Accident & Health Insurance Club of Chicago will be an open forum conducted by C. O. Pauley, secretary Great Northern Life, and E. Hauschild, assistant secretary Continental Casualty. They will answer questions dealing with accident and health coverage and selling methods. Both are well known as authorities on practically all phases of accident and health insurance and are especially well qualified to conduct such a forum.

The congress will be held Nov. 16 from 1:30 to 4:30 p. m. in the auditorium of the Chicago Board of Underwriters, on the 21st floor of the Insurance Exchange. Definite arrangements for the meeting place were made this week by R. W. Abbott, Maryland Casualty, president of the club and chairman of the special committee in charge of the congress.

In addition to the open forum, the tentative program provides for a general presentation of the subject of accident and health insurance by the chairman of the meeting, at least two formal addresses, a sales demonstration and "pep" speaker to wind up the congress.

### Speakers for Los Angeles Sales Congress Announced

The program of the sales congress of the Accident & Health Managers Club of Los Angeles, Oct. 28, has been completed.

W. E. Leiby, Behrendt-Levy-Rosen Co., president of the club, will give the opening address of welcome. H. C. Terwilliger, field instructor Occidental Life, will speak on "Prospecting," discussing where to find leads, and R. E. Bridges, manager accident and health department Travelers, on "The Possibilities in the Accident and Health Business," featuring the advantages of this line in enabling agents to extend other kinds of insurance protection.

Don R. Cameron, trust officer Union Bank & Trust Company, Los Angeles, will speak on "Accident and Health Coverage from a Policyholder's Viewpoint," and will also explain the possibilities of writing insurance of this kind in connection with the operation of trust agreements. Harold R. Gordon, executive secretary of Health & Accident Underwriters Conference, Chicago, will speak on a subject to be announced later.

### Launch Guardian Assurance

The Guardian Assurance is being organized at Los Angeles with authorized capital of \$1,000,000. The company, it is understood, will write only accident and health for a time, later entering the life field. George S. Russell is president and Thornton Wilson, secretary.

### Oklahomans Get Medals

OKLAHOMA CITY, Oct. 19.—As a climax to a two-day meeting of about 50 Oklahoma agents for the Travelers, medals were awarded a five-man team in recognition of nation-wide team contest in selling accident insurance last year. The medals were presented by Wycoff Wilson, assistant secretary of the Travelers. The team was composed of W. B. Epperson of Tulsa, Frank S. Gibson, W. M. Dickerman and A. C. Norwine of Oklahoma City, and G. P. Broadus of Ponca City.

### Griffith, Buckner Appointed

**Prominent Houston Business Men Select and Train National Standard Accident Agents**

E. L. Griffith and Rawle Buckner, both prominently identified in Houston business circles, have organized the Griffith-Buckner agency, with headquarters in the National Standard building, Houston, Tex. They will appoint, train and supervise agents for the National Standard Accident in Texas, specializing in the sale of eye contracts. These contracts carry a single premium of \$100 and indemnify to the extent of \$100 per month for life in event of blindness at any time until age 85. Violation of law, misconduct or any other causes do not nullify the contract. It covers accidents, as well as diseases, and is non-cancellable.

Mr. Griffith was identified at one time with the Northwestern Mutual, later returning to Houston as superintendent of sales for the Peerless Mutual. His

personal production for the last year in life insurance was over \$1,300,000.

Mr. Buckner has been connected with the Bemis Bag Company as manager of the southwest section.

### Quarterly Premium Men to Meet

A meeting of the so-called quarterly premium group of accident and health companies will be held at the Edgewater Beach Hotel in Chicago Nov. 1 at 8 p. m. to review the results obtained so far under the agreement adopted by those companies some months ago.

That date was selected because officials of several of the companies interested will be in Chicago that week for the meeting of the Life Agency Officers Association.

### Sterling L. & C. Organized

The Sterling Life & Casualty of Chicago has been formed by interests in the Sterling Casualty of the same city, which has operated there for some time. The new company is incorporated under the 1927 act and so far is licensed only in Illinois. L. A. Breskin, head of the Sterling Casualty, is president of the new company, and I. S. Stein is general manager. The Sterling Life & Casualty is bringing out two life policies in small amounts, one for \$500 on an ordinary

life "spot cash" form, and the other a \$250 "spot cash" funeral benefit contract on the term plan paying double for accident. Premiums for these small units may be paid on the annual, semiannual and quarterly plans. They are issued to men, women and children between ages 5 and 60, and they may be carried up to 70. The Sterling companies make a special appeal to the masses.

### Chicago Claim Men Open Season

At the Chicago Claim Association's first fall meeting, the guest speaker was Dr. Paul Dick of the National Pathological Laboratory of Chicago. He gave a very interesting talk on the congenital variations of the bone structure of the body as compared with fractures. He pointed out that many large judgments are rendered because of these congenital variations being shown as fractures after an injury to a person through the use of x-ray photos and the testimony of physicians before juries. Dr. Dick illustrated his points with lantern slides. He was supplemented by Dr. Josiah Moore, also of the National Pathological Laboratory and a former speaker before the Claim Association.

There was a good attendance with C. O. Pauley, Great Northern Life, presiding. A nominating committee was



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appointed to report a slate of officers to be voted on at the November meeting.

### Meet Next Year in Pittsburgh

E. H. Mueller, president National Association of Accident and Health Managers, announces in a bulletin just sent out that the 1933 convention will be held in Pittsburgh. The dates will be announced later.

President Mueller also announces the complete list of regional vice-presidents, as follows: Pacific, Stephen Chelbay, Commercial Casualty, San Francisco; western, R. M. Bushee, Aetna Life, Seattle; southern, J. E. Powell, Provident Life & Accident, Chattanooga; Great Lakes, Harry Cunningham, Aetna Life, Cleveland; middle Atlantic, Fred

Burgoynne, Union Indemnity, New York; New England, H. B. Fowler, Columbian National Life, Boston.

### Interstate L. & A. Convention

The annual agency convention of the Interstate Life & Accident of Chattanooga, Tenn., is being held in Biloxi, Miss., Oct. 20-22, with Dr. Joseph W. Johnson, president, and G. K. Henshel, assistant general manager of agencies, in charge.

### Names Godchaux & Mayer

Godchaux & Mayer, New Orleans, have been appointed general agents for Alabama, Louisiana and Mississippi by the Washington National of Chicago, specializing on pay order groups.

## CASUALTY ASSOCIATION NEWS

### Gives Auto Accident Facts

State Motor Vehicle Commissioner Addresses Casualty Underwriters Association of New Jersey

NEWARK, Oct. 19.—Some interesting facts regarding the automobile accident situation in New Jersey were given by H. G. Hoffman, state motor vehicle commissioner, in his address to the Casualty Underwriters Association of New Jersey.

He reported that every seven hours and 20 minutes, there is a death in New Jersey caused by an auto accident, every 15 minutes a person is injured, every nine minutes an accident and every minute property damage to the amount of \$37.33 is done.

He pointed out that New Jersey is the gateway between New York and Pennsylvania and to the 1,000,000 autos registered in New Jersey must be added the large number of autos from other states, making the traffic problem one of the most serious and difficult to regulate. He praised the newspapers and the insurance press for their cooperation in publishing facts regarding automobile accidents and statistics on auto fatalities in various parts of the country.

H. P. Jackson, president Bankers Indemnity, will be the speaker at the next meeting Nov. 9 and John Mathews, general attorney for the General Accident in New York, will address the December gathering.

### Plans a Vigorous Program with Broadened Membership

While broadening its membership, the Casualty Field Club of Chicago decided at its October meeting to retain the old name. In revamping the constitution the membership was thrown open to all stock casualty men in Illinois who contact the public, whether as field men, office men, inspectors or adjusters. The purpose of the organization as restated is the education of members on stock insurance principles and service to the public.

One reason for retaining the old name was that it is identified with the Casualty Sales Congress, which has made the club famous. For the coming year a vigorous and constructive program is planned in line with the new statement of purposes.

### Utah Claim Group Extends Scope

SALT LAKE CITY, Oct. 19.—After many years of activity as a strictly insurance organization, the Claim Adjusters Association of Utah has decided that adjusters for self-insurers, railroad companies, public utilities and the like shall be invited to become members.

Elias L. Day, Hartford Accident, was elected president; W. A. Rossetter, United States Fidelity & Guaranty, vice-president, and A. E. Beveridge, Continental Agency, secretary-treasurer.

### To Combat Fictitious Fleets

Los Angeles Association Decides to Take Action to Check Employe Automobile Insurance Evil

LOS ANGELES, Oct. 19.—Discussion of the elimination of fictitious automobile fleets featured the meeting last week of the Casualty Association of Los Angeles and definite steps were taken by the organization to combat the practice. This action was inspired by the report that fleets of this character exist in three of the most prominent local banks, as well as in a number of large business concerns in this city that handle fleet automobile coverage for their employees. It was decided to place the matter in the hands of the executive committee of the association with instructions to frame a suitable resolution upon the subject and submit it to each of the banks and the various business institutions involved in the complaint.

### Iowa Casualty Club Meeting

At the Oct. 10 meeting of the Casualty & Surety Club of Des Moines, J. H. Marshall, retiring president, was presented with an electric clock. President K. G. Ellsworth announced the following committees: Legislative, Chester E. Ford, chairman; G. A. Holland, J. H. Marshall, F. H. Noble and H. B. White; Accident Prevention, J. Dillard Hall, chairman, F. W. Appel, K. G. Ellsworth, R. J. Eide, R. W. Moorhead, E. S. Olmsted and G. A. Voth.

At the next meeting to be held on Oct. 24 Chester E. Ford and J. Dillard Hall will report on the recent convention of the National Association of Insurance Agents in Philadelphia.

### G. L. Daniels Is President

At a meeting of the Carolinas Casualty & Surety Association in Charlotte, N. C., G. L. Daniels, manager at Charlotte for the Travelers, was elected president; Harry N. Levey, manager at Greensboro for the National Surety, and Frank W. Maher, manager, Seibels, Bruce & Co., Columbia, S. C., vice-presidents.

Lewis S. Musgrove, assistant manager at Charlotte for the Fidelity & Deposit, is the new secretary and H. E. Mayhew, manager at Charlotte for the Maryland Casualty, and John R. Hopkins, special agent for the Hartford Accident at Columbia, S. C., are executive committeemen.

The retiring president is Floyd G. Whitney, manager at Charlotte for the Fidelity & Deposit.

### Maryland Casualty Wins Trophy

BALTIMORE, Oct. 19.—The Maryland Casualty team won the golf contest at the fall meeting of the Casualty & Surety Club and will have possession of the Thompson trophy until next year. Under the rules the trophy must be won



three times before becoming the property of the winning team. The Fidelity & Deposit won last year and the United States Fidelity & Guaranty in 1930. About 130 members and guests attended and took part in the contests. John G. Yost, F. & D., is president of the club; E. E. Kolb, Maryland Casualty, vice-president, and F. H. Strickland, New Amsterdam, secretary.

### To Aid Safety Campaign

CLEVELAND, Oct. 19.—Carl L. Smith, managing director of the Cleveland division of the National Safety Council, spoke before the Casualty

Underwriters Association of Cleveland at its meeting Friday. The association was anxious to take an active part in the campaign of the National Bureau of Casualty & Surety Underwriters. The safety council head expressed approval of the association's stand and asked that the organization appoint a committee to contact car owners. The car owner has been the hardest to approach because of the scattered field.

W. E. Flickinger, vice-president of the safety council in charge of fire prevention, was present, as were R. E. Vernor of the fire prevention department of the Western Actuarial Bureau and W. J. Gilsdorf, active safety worker.

between the board and William Leslie, associate manager National Bureau of Casualty & Surety Underwriters, here last week.

### Hardship on Agents

The agents, represented by Otto Gaedke, Gaedke-Miller Agency, Milwaukee, and Clarence Henkle of the Bankers Indemnity, Milwaukee, claimed that with the unemployment and payroll situation as it is, the extension of the acquisition cost cut to the lower premium groups would work a distinct hardship on agents.

The objection of the Wisconsin board is based on the fact that only 5 percent of all risks develop a premium in excess of \$1,000 and it suggests there should be at least five classes of risks, instead of starting at \$1,000 each, and that the dividing line reduction of commission and corresponding reduction of rate should take effect at about \$100 premium.

Mr. Leslie, following the hearing, refused to comment on the situation. No decision has been reached by the Wisconsin board, and another meeting will be held to determine its action.

### Consider Relief Work Cover

**Wisconsin Checks Experience on Unemployment Workers—Bad Experience on Temporary Employees**

MILWAUKEE, Oct. 19.—Since the Wisconsin compensation insurance board has withdrawn its approval of orthodox rates established for workmen's compensation insurance to cover workers employed in unemployment relief work by cities and counties, the Wisconsin Compensation Rating & Inspection Bureau is checking up on experience with that type of risk. The impression is that this type of compensation insurance cannot be carried at established orthodox rates without classification experience, and only by establishing actual

facts can a pure premium be arrived at. Neither the city or county of Milwaukee have taken insurance on temporary workers under the state workmen's compensation act, although both have considered such steps.

Opposition has developed to a proposal to insure Milwaukee county against claims of temporary workmen doing unemployment relief work. Jerome C. Dretzka, secretary of the county park commission, at a hearing last week said that experience figures on that type of insurance are very bad.

### Cost About \$12,000 a Year

"It would cost us about \$12,000 a year," Mr. Dretzka said. "Last year our premiums for insurance on regular workers totaled \$6,000, while the insurance company paid out about \$7,000 in compensation. Temporary workers are an even greater hazard, and the insurance would be twice as high as that now carried by the county for regular park employees."

The county board committee on judiciary and finance has voted to set up a compensation fund of \$5,000 to cover injuries to unemployment relief workers and is considering physical examinations for every man taken from the outdoor relief list. Rates of payment fixed are 70 percent of \$22 a week for total disability, less the value of supplies received from the county for relief deducted from the payment; and for partial disability, 35 percent of the difference between \$22 a week and the value of supplies given the workman through the outdoor relief department.

### Michigan Commission Bars Increase After a Hearing

The proposed workmen's compensation rate schedule which the National Council on Compensation Insurance attempted to file in Michigan several weeks ago has been rejected by the Michigan anti-discrimination commis-

## WORKMEN'S COMPENSATION

### Can't Be Liable to One's Self

**Court Holds Employer in Role of Mother Cannot Secure Compensation on Son's Death**

MADISON, WIS., Oct. 19.—A person cannot be both a plaintiff and a defendant in a workman's compensation case, the supreme court has held in denying compensation claims of Mrs. Minnie Boss, operator of a farm.

Mrs. Boss carried workmen's compensation on her son, Christian and other farm workers. The son had an accident and died and Mrs. Boss claimed compensation from the insurance company. The industrial commission made an award but the company appealed.

The award was upheld in circuit court but the supreme court reversed it, the high court declaring that the workmen's compensation act cannot be interpreted as a regular insurance policy.

"It is clear that if Minnie Boss, as employer, had not insured her compensation liability, or if she had been ex-

empted by the commission from insuring her liability for compensation, she could not recover from herself," the court said. "No fiction of the law can be suggested which would authorize such a useless proceeding as permitting one to recover from one's self."

The court declares that this action was the first time this problem has been brought into any court.

### Oppose Wisconsin Board Plan

**Seeks Extension of National Bureau's Acquisition Cost Cutting Method—Wants Five Classifications**

MADISON, WIS., Oct. 19.—Objection to the Wisconsin compensation insurance board's suggestion in connection with the stock company's plan for cutting acquisition costs in risks developing a premium in excess of \$1,000, with the Wisconsin board favoring extension of this program for risks under \$1,000 premium, was voiced by representatives of agents' groups at the conference held



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sion. The commission conducted a hearing on appeal from the rejection by Insurance Commissioner Livingston. General Manager J. A. Beha of the National Bureau of Casualty & Surety Underwriters, Lamar Hill, counsel Fidelity & Casualty, and O. R. Beckwith, general counsel Aetna Life, presented the stock casualty companies' arguments, claiming the filing was not actually discriminatory, because smaller risks, which would pay higher net rates, entail greater proportional expense to the carriers. A. V. Gruhn, general manager American Mutual Alliance, opposed the rates as did representatives of the Michigan Association of Insurance Agents, the chief spokesman being C. B. Smith, former president National Association of Insurance Agents. The agents insisted they were entitled to full commission on large lines as the service required on these is a great deal more than on small risks. Under the proposed filing the increase would be approximately 17 percent and the graded scale of commis-

sions would apply on annual premiums of \$1,000 or more.

#### Utah Medical Rates Reduced

SALT LAKE CITY, UTAH, Oct. 19.—The Utah State Medical Association has proposed a voluntary reduction of 10 percent in the medical fees in effect since July 1, 1931, for industrial accidents. The industrial commission ratified the new schedule, effective at once. Hospital rates have also been reduced from \$3.25 to \$2.85 per day. This is for ward treatment.

#### Oklahomans Can't Get Coverage

OKLAHOMA CITY, Oct. 19.—Many letters are being received by Commissioner Jess G. Read from industrial operators complaining of their inability to obtain compensation insurance. This is especially noticeable among cotton ginners, although it extends to practically all lines of industry in Oklahoma,

the commissioner said. Most companies have discontinued writing this class in Oklahoma because of unfavorable experience.

#### Minnesota Cities Study Rates

The Minnesota League of Municipalities is undertaking a study of rates paid by Minnesota towns and cities for compensation insurance and of comparative value of losses settled under municipal compensation policies. A committee of six has been appointed to make the study.

#### Business Better, More Claims

OKLAHOMA CITY, Oct. 19.—New claims for compensation insurance filed with the Oklahoma industrial commission jumped to 603 in August from 501 in July. This heavy increase is attributed partly to the increased activity in industry.

#### Declares 5 Percent Dividend

The Utica Mutual of New York has decided to pay an additional 5 percent on compensation policies expiring July, August and September, bringing the dividends to 20 percent, the amount which will be paid on all policies expiring during the balance of the year.

#### Heads Virginia Commission

William H. Nickels, Jr., has been elected chairman of the Virginia industrial commission to succeed Parke P. Deans. Mr. Nickels represents employers on the commission. C. G. Kizer, the third member of the body, has just been reappointed for his fourth term.

#### Draft Self-Insurance Plan

A plan for self-insurance on compensation lines is being worked out in Wyandotte, Mich., a suburb of Detroit. The city recently sought a ruling from the insurance department on the matter, and learned that it has the authority to establish its own compensation fund.

### New York Decision Highly Important

(CONTINUED FROM PAGE 37)

ceeded to the point where it would be safe to start an agency development program.

Probably many men in the business have overlooked the fact, despite the controversies over one feature and another, that an army of agents during the past two years has been at work day after day, elevating the rate level. The going has been rough, agents have been faced with a hard task in putting across rate increases when prices on every hand have been going down and if the rate level has been increased it is due to the battles and arguments, blarney and headaches on the part of individual agents in dealing with individual clients. It should not have been expected that the rate level could be increased with a wave of the wand. That may only be done with rate reductions.

Whether the process has been carried far enough to justify companies expanding their activities is a question that is engaging the attention of many executives. The New York decision is deemed so important that it may affect the whole tenor of operations in the immediate future.

#### Industrial Insurers Holding Convention in New Orleans

(CONTINUED FROM PAGE 37)

Normann, New Orleans attorney, on "Insurable Interest and Right to Proceeds of Life Insurance Policies."

The program for the Thursday morning session includes addresses on "Life Insurance Sales," by Ted M. Simmons,

superintendent of United States agencies Pan-American Life; "Conservative Expansion," by F. E. Jennings, president Peninsular Life, and "The Problem of the Ex-Agent," by G. W. Munford, secretary Home Security Life, together with the reports of the executive and statistical committees. The general session will be followed by an executive session, limited to company officials.

#### Burr Against Unemployment Cover

Unemployment insurance is impracticable, President Burr declared. "The only way it could be operated would be through the government at great expense to the tax payers," he said. "The unemployment fund into which both the employer and employee pay a fixed sum is a good idea, but it has one weakness. What would happen to the unemployed when a business failed? I happen to be an actuary and on an actuarial basis, administration of unemployment funds by the government might be the best way. But it would be likely the most expensive way."

He was accompanied by Commissioner Dan C. Boney of North Carolina, who was on his way to Dallas to attend the commissioners' meeting.

The principal feature of the final day's session Friday will be a general discussion on "Taxation," led by P. M. Estes, general counsel Life & Casualty, who will also report for the law committee. Officers will be elected, the next meeting place selected and other unfinished business disposed of at this session.

The golf tournament was set for Wednesday and Thursday afternoons, with a matinee for the ladies Wednesday afternoon and a three-hour cruise Thursday afternoon on Lake Ponchartrain, through the industrial canal and New Orleans harbor. There was a dinner-dance Wednesday night and the get-together dinner Thursday night, at which the golf trophies will be presented.



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